UNIVERSITY OF PENNSYLVANIA

AMERICAN RELATIONS WITH TURKEY

1830-1930

An Economic Interpretation

LELAND JAMES GORDON

A THESIS
IN ECONOMICS
PRESENTED TO THE FACULTY OF THE GRADUATE SCHOOL IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

PHILADELPHIA
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To My Mother
HARRIET L. GORDON

Preface

A peculiar problem has been encountered in the meaning of the term " Turkey." During the years included in the study its territorial limits have been elastic. In recent years it has shrunk considerably in size. From its greatest extent Turkey has diminished to one-sixth of its former size, the modern Republic comprising 294,416 square miles of territory almost entirely on the Anatolian Peninsula. In the following chapters the practice followed by the United States Department of Commerce, of including under the heading of Turkey the territorial boundaries existing at the time in question, has been adopted. One exception to that rule has been made in the elimination of Egypt, which has never been an integral part of the Empire since 1885.

The adoption of the Latin alphabet by the Government of Turkey and the issuance of an official spelling list has simplified the former problem of spelling Turkish place-names. That list is now used by the United States Government and has been used as a guide in the spelling of names in this volume. The new spelling has been adopted throughout except in the cases of Contantinople and Smyrna which are now called Istanbul and Izmir. There was a twofold reason for retaining the old form in those two cases. In the first place they are names familiar to large numbers of people. While the use of new spelling for unfamiliar names creates no problem it was felt that in those two cases considerable confusion might result. In the second place Contantinople and Smyrna appear time after time in historical connections and in quotations. It seems rather incongruous to speak of Istanbul in 1830 when its name was Constantinople officially until 1929. In the new Turkish alphabet there are certain rules of pronunciation which will assist in reading the text and map. The most important of these are: a cedilla under the letter *s* gives it an *sh* sound as in Eskişehir, which is pronounced Eskishehir; a cedilla under the letter *c* gives it a *ch* sound as in Çanakkale, which is pronounced Chanakkale; there is no hard *c*, the letter *k* being used in all cases; the letter *c* alone carries a *j* sound as in Yenice, which is pronounced Yenije. There are two letters which resemble the letter *i;* one has a dot over both the small letter and the capital, while the other has no dot at all. The distinction is so slight, however, that I did not consider it necessary to apply it in the text.

The accuracy of statistical data used always presents a problem. In Part V a particular problem was encountered in the figures for immigration from Turkey. The manner in which the problem was handled is explained in connection with the data. The statistics of the recently established Central Office of Statistics at Ankara have been freely used. They present considerable data which is not available elsewhere and there is no reason for doubting their accuracy within the limits of human error in the face of the difficulties encountered.

The Turkish monetary unit is the lira, sometimes abbreviated as Ltqs. (Livres Turques), but written as LT (Turkish Lira) in the following pages. The lira is subdivided into kuruş (piasters) and para.

In order to avoid unnecessary repetition, the general war which involved a large part of the world from 1914 to 1918 is referred to as the War.

Special acknowledgment of my obligation must be given to the late Honorable Frederic Courtland Penfield, who established two Scholarships in International Relations. Through the Penfield Foundation at the University of Pennsylvania I was awarded one of the Scholarships for 1929–1930, which made it possible for me to spend a year in Turkey and Europe, during the course of which a large amount of recent and current material was collected and the manuscript written. The Scholarship made it possible for me to live in Turkey eight months, during which time I traveled the length and breadth of that part of Anatolia which is open to foreign visitors.

While resident in Constantinople, Honorable Joseph Clark Grew, Ambassador of the United States to the Turkish Republic, permitted research in the Archives of the American Embassy. That privilege made available material for the period from 1917 to 1930 which is still unpublished. It also yielded other unpublished information which has contributed greatly to the completeness and accuracy of the book.

Mr. Julian Gillespie, American Trade Commissioner at Constantinople since 1921, also permitted research in his files which yielded rich returns in current economic data and greatly assisted in the clarification of rapidly moving events in modern Turkey. Upon the completion of the manuscript it was read by the Ambassador, by Mr. G. Howland Shaw, Counselor of the Embassy, by Mr. Julian Gillespie, by Mr. Wallace Murray, Chief, Division of Near Eastern Affairs in the Department of State, and by Mr. H. C. Carlson, Economist for the Department, all of whom contributed to the value of the book through their comments and suggestions.

Rear Admiral Mark L. Bristol, who was American High Commissioner to Turkey during the difficult years from 1919 to 1927, read the manuscript critically and gave many valuable suggestions.

Haldun Galipe Bey, Research Assistant in the office of the Trade Commissioner, generously devoted uncounted hours in taking me to places of economic interest and importance, in interpreting upon the occasions of formal and informal interviews, and finally in reading the first draft of the manuscript which was improved by incorporating his suggestions.

Hassan Halet Bey, Professor of Engineering at the University of Constantinople and Assistant Professor at Robert College, took a keen interest in my work and gave me the benefit of an engineer's viewpoint. He arranged for research in various libraries in Constantinople, assisted in bridging the language gap, and rendered valuable assistance in reading the first draft of the manuscript.

Mr. John Corrigan, American Consul General at Smyrna, and Zeki Bey of the Consulate made possible a number of interviews at Smyrna, while Mr. Jefferson Patterson, Counselor of the Embassy, and Malik Bey arranged a series of important interviews with Turkish governmental officials at Ankara.

Missionaries of the American Board for Foreign Missions of the Congregational Church at Constantinople, Smyrna, Tarsus, Adana, Gazi Antep, Kayseri, and Talas rendered generous direct and indirect assistance. Special acknowledgment must be given to Mr. Kingsley Birge who read several chapters of the original manuscript including the chapter dealing with missions.

Doris Gilbert Gordon is in reality a co-author. She has made countless calculations, checked endless figures and proofread the manuscript several times. The original of the accompanying comprehensive map was entirely her work. Above all she has constantly given valuable advice which is reflected throughout the book in form and content.

In the course of my work, which has extended over a period of years and has taken me into several countries, I have had the direct and indirect assistance of a host of interested people. Unfortunately the limits of space do not permit the full acknowledgments which I should like to give. Under the circumstances I can only express my sincere appreciation to the many unnamed collaborators.

The very nature of some of the subject-matter in this book is such as to provoke disagreement and perhaps controversy. While I have been fortunate in receiving assistance and advice from men distinguished for their knowledge of Turkish affairs, the interpretations of data and conclusions drawn are my own and I assume full responsibility.

L. J. G.

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PART I

INTRODUCTION

I

The Background of Turkish-American Relations

Anti-Turkish Sentiment in America

In past years in the United States the word "Turkey" has connoted massacres and mystery. There was probably no other nation in the world about which Americans had less information or more misinformation. It is doubtful if there is a single American who has not read of the "unspeakable Turk" and who has not been amazed and awestruck at the blood-curdling accounts of his cruelty. Likewise probably there are few who have not succumbed to the mystery, the glamour and the charm of the beginning of the East where Turkish baths, veiled women, and harems cast their spell on the Westerner.

As the decline of the Ottoman Empire developed into a rapid descent and the European strangle-hold grew tighter and tighter Czar Nicholas I coined the phrase "the Sick Man of Europe" which was later caricatured by a clever cartoonist. With that catch phrase on every tongue and that mental image in the popular mind the idea grew up in America that the "Sick Man" was paying for his deeds of cruelty and for his devotion to worldly pleasures. There was scant sympathy when European powers began to divide the spoils, and the deliberate carving of Turkey in 1920 was viewed with equanimity. The rallying cry to kick the Turks out of Europe obtained almost universal support in America.

New Interest in Turkey

Consequently the world at large and the United States in particular was amazed and incredulous when the Turkish people achieved the impossible in 1922. The victory at Lausanne, preceded and followed by a series of fundamental and revolutionary changes in the political, religious, social, and economic life of Turkey, though unbelievable, nevertheless challenged attention and aroused new interest in the people who could conceive and execute such daring and rapid changes. A new American interest was aroused in Turkey, magnified by the bitter discussions which the Treaty of 1923 provoked. Gradually a new alignment developed in the United States. Instead of unanimous opposition to the " unspeakable Turk " an important group spoke convincingly in his favor and evinced their confidence in his future.

That new American interest led to an increasing desire for more accurate information concerning Turkey in the past. The search for that information gradually disclosed the fact that the Ottoman Empire dated from nearly two centuries prior to the fall of Constantinople in 1453. At the height of its power the Ottoman Empire was greater than the Roman Empire had ever been. It comprised 1,720,916 square miles of territory spread over three continents, inhabited by 37,000,000 persons of diverse races and religions. At the time of the beginning of formal relations with the United States of America in 1830 the latter nation made overtures to the Ottoman Empire which was then larger, more populous, more powerful and wealthier than the young Republic in the new world.

Because of its control of the Anatolian peninsula and the important waterway from the Black Sea to the Mediterranean, Turkey has always been and always will be an important power in world affairs. Its strategic situation has long given it a dominance in European councils, and international peace is inextricably involved with Turkish foreign policy. In the nineteenth century European powers gradually adopted conflicting policies with reference to the Ottoman Empire, some favoring the decline of that nation while others wished to see it continue as a power. That conflict of policy enabled the Empire to exist just as the same conflict made possible a successful revolution in 1920. On the other hand, the jealousy which prevented the earlier dismemberment of the Empire also prevented its rehabilitation. The knotty problem arising out of that conflict of European policy with reference to Turkey gradually developed into what became known as the Near Eastern Question.

Early in the twentieth century hope was kindled that a revolution resulting in a constitutional régime under the Young Turks would rejuvenate the declining power, but the change was short-lived. The Italian War broke out shortly thereafter, which was followed by still other wars, and the decline of the Empire continued. By 1914 the nations of Europe had the power and the disposition to bring about the final and complete dismemberment of the Ottoman Empire; they only lacked a plausible excuse. The outbreak of the World War in 1914 provided the necessary excuse, and four years later the Treaty of Sèvres sealed the fate of Turkey.

At that point the most remarkable phase of Turkish history begins. Fighting a combined Civil and Revolutionary War the decrepit, war-torn, economically backward remnant of a nation thoroughly defeated the Greeks, successfully defied the British at Çanakkale, abolished the Sultanate, and established a Republic! The world was confronted with a " Sick Man " risen from his bed who vigorously asserted his right to nationhood. But when they had recovered from the shock most people nodded knowingly and pronounced it the death struggle of a nation. Dreams and impossibilities became realities, however, at Lausanne, and twenty-seven nations subsequently recognized the Republic of Turkey.

For seven years the new Republic has successfully struggled against great odds. The permanency of the new order is assured and accepted. Turkey as always is a world power today, important from the political and economic aspect.

Plan and Scope of the Book

The question may well be and often has been asked, " What have been America's relations with this unique power? " The purpose of this book is to answer that question. It may generally have been known that a Turco-American treaty was concluded in 1830, that American mission, education, and philanthropic organizations have been important in Turkey, and that attempts were made to have the United States assume a mandate over Armenia in 1920. But beyond that general information the knowledge of Turkish-American relations is vague. In the past a careful study might have been regarded as purely of historical interest, but in view of the new status of Turkey today a knowledge of relations in the past and present assumes new significance in reference to the future policy of America in its relations with the new Republic.

This book has been written primarily as a study of economic relations, though no economic study can ignore the political aspects, certainly in a country such as Turkey. Contacts between nation and nation originate through commerce, through capital investment, and through the movement of peoples. These are essentially economic questions and political aspects have their source in such relations.

In the following study Turkish-American relations are treated from those three viewpoints. Part I is introductory in nature, the first chapter setting the background, while the second gives a survey of important political events in the course of a century. The first economic question is treated in Parts II and III which deal with commerce and political questions arising from trade with Turkey. Part IV treats American capital investment in Turkey. Distinction is made between the noncommercial investment of missions, schools, and philanthropical organizations on the one hand, and the commercial profit-seeking investments and attempts at investments of capitalists on the other hand. The political economic question of imperialism assumes prominence in that section. Part V is devoted to a study of economic aspects of emigration from Turkey to the United States and to the peculiar political question involving citizenship.

While Turkish-American relations over a century are treated, the economic relations from 1830 to 1900 are briefly portrayed for the purpose of providing a proper setting for the detailed and careful analysis of the modern period from 1900 to 1930. On the other hand important political questions extending over a century are fully presented from their inception to their conclusion.

II

The High Spots of a Century

Commodore Bainbridge's Forced Visit to Turkey

AMERICAN relations with Turkey had a most inauspicious beginning. Back in 1800 when the Barbary Pirates collected toll from the maritime nations of the world Commodore William Bainbridge in command of the frigate *George Washington* was sent to Algeria with the annual American tribute. Upon arriving and delivering his offering to the Dey the latter official requested him to carry the necessary Algerian tribute to the Sultan of Turkey, but the Commodore declined. The Dey then pointed significantly to the fortress guns, all of which were trained on the *George Washington,* and invited the American officer to reconsider. Since there seemed to be no choice in the matter it was agreed that the United States naval vessel should carry the tribute to Constantinople. Moreover, it was required that the Algerian flag be flown from the mainmast, but as quickly as the ship was outside the range of Algerian guns Commodore Bainbridge hauled down the Algerian flag and hoisted the American flag which was flying at the main when the ship sailed into the outer harbor of Constantinople on November 9, 1800.[1]

Upon visiting the unusual ship the harbor commander presented a bouquet of flowers as a token of welcome and a lamb as peace offering. Imperial interest in the vessel caused Sultan Mahmud II to command that it be conducted into the inner harbor. As it passed the Imperial Palace it was honored by a twenty-one gun salute. The Sultan, who was watching intently from his *kiosk,* noticed the American flag decorated with stars and commented that his own flag also was decorated with a star. He considered that strange coincidence to be an indication of similarity in government and an omen of future friendly relations between the two nations.

The Capudan Paşa (Admiral), who was the third highest personage in the Empire, held an audience with Commodore Bainbridge in the course of which he suggested the negotiation of a treaty. The Commodore informed him that the American President had already appointed a Minister who was then at Lisbon and expected to arrive in Constantinople within six months. The Turkish official then wrote a letter for the American Minister to be carried as a protection in his travels in the Ottoman Empire.[2]

America Makes Overtures to the Sultan: Negotiation of the Treaty of 1830

In 1774 when John Adams, Benjamin Franklin, and Thomas Jefferson were appointed treaty Commissioners the Continental Congress included the Ottoman Empire in the list of countries with which they might negotiate. In those days Turkey was much more populous than the United States and, before the Louisiana purchase, much larger. It was not until 1786, however, when negotiations were being carried on with Algeria that the Commissioners considered including the Sublime Porte. But the idea that a mission to Constantinople would be an advantage was discouraged by Count Vergenes on the ground that negotiation of the treaty would require a large expenditure for presents and that the mission would not be an asset.[3]

Rufus King, who was United States Minister to England from 1796 to 1843, was very much interested in negotiating a treaty with Turkey and discussed the subject with the Turkish Ambassador to England. The Minister's reports led President Adams on February 8, 1799, to nominate William Smith of Charleston, South Carolina, who was then Minister to Portugal, as Envoy Extraordinary and Minister Plenipotentiary to the Sublime Porte with full powers to negotiate a treaty.[4] But the newly appointed Minister, although he accepted the mission, never received official instructions and never reached Constantinople. International complications arising out of the Franco-British War were chiefly responsible for abandonment of the mission. Great Britain and Russia were allies of Turkey in the campaign to drive Napoleon out of Egypt. Sentiment in America being strongly pro-French, it was argued that to negotiate a treaty with Turkey at that time would strain Franco-American relations.[5]

Continuance of international complications resulted in the postponement of negotiations until 1820. In that year Luther

Bradish went to Constantinople for the purpose of reporting on the possibility and desirability of negotiating a treaty. On December 20, 1820, he reported that the negotiation of a treaty would be desirable from a commercial standpoint since American traders were compelled to pay a 5 per cent duty, whereas the merchants of other nations paid only 3 per cent. The estimated cost of negotiating a treaty was placed at $50,000.[6] He recommended the postponement of negotiations, however, owing to the political situation in Turkey arising out of the Greek revolution, and the Porte's desire to conciliate England, whose opposition to a Turco-American accord had previously been revealed.[7]

Mr. George P. English, who was asked to investigate the possibility of successfully concluding negotiations in 1823, reported that the opposition and intrigues of European powers had prevented all previous attempts to approach the Sublime Porte. In order to meet the situation he recommended secret negotiations between the Commander of the Mediterranean Squadron and the Capudan Paşa. Such an arrangement would provide opportunity for the gradual working of influence and at the same time would keep the negotiations secret from other powers.

Following that suggestion Commodore John Rodgers was authorized in 1825 to negotiate secretly with the Turkish official. His instructions were to secure the right to trade with all Turkish ports; to be allowed to appoint Consuls at such ports as American interests might require; and to secure freedom of movement through the Dardanelles. The Capudan Paşa wrote on February 7, 1828, that the Sublime Porte was then prepared to negotiate. But the only American in the country was Mr. David Offley at Smyrna, who had no authority to represent the United States.

Six months later President Adams appointed Captain William Crane, a naval officer, and David Offley as Commissioners to negotiate a treaty. An appropriation of $20,000 was provided to carry on the negotiations. The letter of instructions to the Commissioners cautioned them particularly to guard against incorrect translations concerning capitulatory rights, warning them that there had been numerous complaints on that score by the subjects of European powers. Yet in the treaty which finally was ratified that very difficulty arose and, never having been settled, was a constant source of friction between the two Governments.

The Crane-Offley mission was unsuccessful in concluding negotiations, for the attempt to levy higher duties on American merchandise than those paid by other powers was stoutly resisted, as was the Turkish demand to have certain ships constructed in America with the implication that they should be presented as gifts in exchange for the treaty.

On September 12, 1829, President Andrew Jackson appointed Captain James Biddle, David Offley, and Charles Rhind, one of the oldest American merchants trading in the Levant, as Commissioners to negotiate a treaty. In his instructions to those Commissioners Secretary of State Martin Van Buren informed them that " the trade between the United States and the Turkish dominions, though very limited in its range, and without the security derived from treaty stipulations, is, even under such adverse circumstances, very considerable." He also informed them of previous intrigues on the part of European powers which had successfully prevented the conclusion of a treaty and instructed them to report any such interference which might arise in their negotiations directly to the President so that he might " be enabled to judge understandingly the measures to be taken in relation to it." [8]

Previous negotiations had ceased when Mr. Offley had refused to accede to the stipulation that goods coming from the United States should pay 5 per cent, whereas merchandise originating in European countries was admitted after payment of a 3 per cent duty. A proposed compromise had cut the difference to one-half per cent but Mr. Offley had been determined in his stand for complete equality. Recalling that situation Secretary Van Buren informed the Commissioners that a treaty drawn up on the basis of the terms previously offered, namely, 3.5 per cent, would under the circumstances be acceptable to the Government of the United States. But in the course of negotiations Mr. Rhind again insisted on complete equality on a 3 per cent basis, that time successfully.

Negotiations were opened on February 8, 1830, resulting in the signature of a treaty on May 10 by Mr. Rhind who signed alone, a rift having developed among the Commissioners. In order to please the Sultan and make it appear that something had been given in return for his concessions on the matter of equality of duties with other powers a secret article was included in the treaty. It provided the privilege of consulting the American Minister to be appointed as to the best method of making a contract to procure ships and ships' timber. The article was innocuous, however, for it was agreed that it need not be signed and the Senate promptly rejected it. But the treaty itself was accepted and marked the beginning of formal relations between the United States and the Ottoman Empire one hundred years ago.

The successful conclusion of a treaty after so many years of delay gave rise to numerous expressions of satisfaction on the part of Americans resident in Turkey. The secretary of the United States Legation wrote to Commodore David Porter, the first American diplomatic representative at the Sublime Porte, that " our countrymen have been much elated at the Exchange of Treaty. The Captains of Merchantmen immediately hoisted American and Turkish flags and fired salutes." [9]

There was some feeling on the part of the Sublime Porte that the United States did not properly esteem the new diplomatic post, for Commodore Porter who was sent to exchange ratifications and to remain as the representative of his Government was only given the rank of *Chargé d'Affaires*, whereas the Porte maintained that at least a Minister Plenipotentiary should have been assigned.[10] Considerable stir also was caused over the matter of presents, so vital to the negotiation of an Oriental treaty in those days. When the presents were sent to the Sublime Porte Commodore Porter marked on each one its value in order that there might be no doubt that his Government had not failed properly to reward the Turkish officials. Upon receipt of the gifts the Reis Effendi wrote a polite note to the Commodore telling him that if he had paid as much for his presents as the notation indicated he had paid far too much. The American representative suspected that an attempt was being made to belittle the gifts and to secure still more, consequently he replied that he was well aware of their value. For a time the Reis Effendi threatened to return all the gifts, but happily never carried out his rash threat and the matter was closed! [11]

An appropriation of $36,500 having been approved, an American Legation was opened in Constantinople March 2, 1831. With the exception of the years 1917 to 1919 the Legation, which was raised to the rank of Embassy in 1906, has continuously represented the interests of the United States in Turkey, but one hundred years later the Treaty itself had passed into the realm of history, being replaced by the Treaty of Ankara signed October 1, 1929, and proclaimed April 21, 1930.

Ottoman Friendliness for the Union Cause During the Civil War

An outstanding feature of early Turkish-American relations was the friendly attitude of the Sublime Porte toward the Union cause during the American Civil War. Upon the arrival of E. Joy Morris as Minister to Turkey in 1861 he was cordially welcomed by the Grand Vizier as the representative of the United States. A most friendly feeling was manifested toward the United States Government, wrote Mr. Morris, in spite of the fact that his predecessor had been a Southerner who had of course given the Turks a Confederate viewpoint.[12]

In 1862, in reply to a demand on the part of missionaries by Reverend Daniel Bliss for strong action against the Ottoman Government, Secretary Seward asked, " Do you realise, Sir, that Turkey is the only country upon the face of the earth which officially has supported the American Government in these our trials? "[13]

In view of the fact that England and France, whose influence at the Sublime Porte was very strong, both recognized the Confederacy as a belligerent, the action of the Sultan's Government was unusually significant. On March 26, 1862, Sultan Abdul Aziz issued an Imperial decree forbidding the fitting out of vessels in Turkey which were destined for privateering against the United States.[14] The Sultan also prohibited the entrance into Turkish ports of pirates engaged in plundering American commerce. The Federal Government formally expressed its gratitude to the Turkish sovereign for his expressions of friendliness and advanced the " hope that other nations would follow the lead of the Ottoman Empire."[15]

In the course of the War any news of Union victories was received with satisfaction by the Turkish Government and the re-election of President Lincoln was the occasion for congratulations to the United States Minister on the part of the entire Turkish Cabinet.[16] The possibility of the downfall of the Union was regarded as a calamity and the news of the assassination of Abraham Lincoln was received with great concern in Constantinople. In an effort to counteract the feeling that President Johnson might not be able to cope with the situation Minister Morris caused his biographical sketch to be published in all the papers of Constantinople. That action resulted in a favorable impression and the continued sympathy and support of the Ottoman Empire.[17]

Three decades later, when the United States was engaged in war with Spain, Sultan Abdul Hamid, following the example of his predecessor, sent a telegraphic message to his followers in the Philippines exhorting them to be friendly with American soldiers and to refrain from taking part with the insurgents or warring with the Americans in any way.[18] Mr. Oscar Straus, who was then the American Minister to the Sublime Porte, assured the Sultan that the United States would be as tolerant toward Moslems in the United States and its territories as he was toward Christians in the Empire. A number of different interpretations have been advanced in explanation of the motive back of the friendly action of the Sultan. Mr. Straus saw in it an attempt to pacify the United States Government for the long delay in paying the claim for $100,000 indemnity arising out of property losses during the massacres of 1895.[19] President Washburn of Robert College wrote that the Turks were pro-American " and rejoiced over the defeat of Spain as a divine punishment for her treatment of the Moors in the sixteenth and seventeenth centuries." [20] On the other hand, thirty years later the semi-official nationalist newspaper *Milliyet* interpreted the action as the result of an appeal from the United States to the Sultan to help suppress disputes in the Philippines and to compel submission to American authority.[21]

Thus on two occasions vital in American history the " Sick Man of Europe " played an unexpected though perhaps unimportant rôle.

The Monroe Doctrine Applied in Turkey

No less than four times in the past hundred years the Monroe Doctrine has entered into the formal relations of America and

Turkey. As a result of a fearful epidemic that swept over Turkey in 1864 with terrible consequences the Ottoman Government invited a number of the powers to attend a sanitary conference in Constantinople in 1865 to consider means for preventing the recurrence of such a terrific plague. An invitation was extended to the Government of the United States, but in accordance with the traditional policy of non-interference in the affairs of other powers the invitation was declined. Preoccupation with the Civil War was given as the reason, but the real objection lay in the fear that the meeting would develop into a Near Eastern political conference.[22]

In the same year the Monroe Doctrine was positively applied by the United States in its relations with Turkey. Maxmilian, the French Pretender in Mexico, sent General Marquez to Constantinople ostensibly to decorate Sultan Abdul Aziz with the Order of Guadaloupe. The real motive, however, was to secure the aid and support of the Ottoman Government in Maxmilian's scheme to enlist Egyptian negroes for service in Mexico. The Sublime Porte declared that it would not interfere with Maxmilian's plan. He was thereby able to recruit 900 men who were sent to Mexico to fight in the armies of the Royal Pretender. That action immediately called forth a formal and ominous protest by the Government of the United States in which the Sublime Porte was informed that the "renewal of such transactions could not be regarded with favor by the United States." The Turkish response was highly conciliatory and no more Egyptian recruits were sent to Mexico.[23]

In 1875 the Ottoman Government announced its intention to increase the customs duties on merchandise imported into the Empire from 8 to 11 per cent *ad valorem*. Under the terms of existing treaties and the capitulations it was necessary to secure the consent of the United States and the European powers to such an increase. In accordance with their usual practice the latter powers replied that in return for certain considerations their consent to the tariff revision might be granted. Negotiations continued over a period of thirty-two years and on two occasions attempts were made to secure the consent of European powers to the complete exclusion of the United States. But the American Minister, having had considerable difficulty in preventing discrimination against American schools, missions, and imported products, also decided to use his bargaining power. In outlining the situation to the State Department it was pointed out that ordinarily American consent to the proposed increase would have been given readily, but since the European powers were attaching conditions to their approval and the Porte was attempting to evade its treaty obligations to the United States he was inclined to follow the European practice although it involved technical violation of the Monroe Doctrine. In the words of the Minister, " As the conditions demanded by the European powers have to do entirely with the internal affairs of the Ottoman Empire, I have not ventured to associate myself with them in any way, feeling convinced that while the Government would be highly gratified to see practical reforms introduced throughout Turkey, it would not wish to depart from its traditional policy of non-interference in the internal affairs of any European State." In this case, however, departure from the traditional policy was approved by the State Department. American consent to tariff revision was granted only after the satisfactory execution of five demands which had been presented to the Porte. Although only three of the stipulations were acceded to, the United States Government gave its consent, and the European powers having been satisfied, the Ottoman Government was permitted to charge 3 per cent more duty on merchandise imports beginning in 1907.[24]

A fourth incident involving the Monroe Doctrine occurred in 1911 upon the outbreak of war between Italy and Turkey. In that year the United States Government issued a proclamation of neutrality. Shortly thereafter the Sublime Porte requested Ambassador Rockhill to ask his Government to act as mediator, and the request was duly transmitted to the Department of State. In replying to the Porte the Secretary declined to offer the services of his Government as mediator on the ground that the questions involved were so peculiarly European in nature that the United States could be of no assistance. The prospect of being drawn into the maelstrom of Balkan political intrigue was too forbidding.[25]

Neither Peace Nor War

For eighty-five years official relations between the Governments of the United States and the Ottoman Empire had been friendly. From time to time, especially during the Armenian massacres in 1894, popular opinion in America had become strongly anti-Turkish but on no occasion up to the outbreak of the World War in 1914 had the official relations of the two countries been strained. On the contrary, as has already been shown the relations between the two Governments had been strikingly friendly.

From the very outbreak of hostilities in the summer of 1914 it was practically certain that the Ottoman Empire would be drawn into the conflict. Because of its location and its control over the Dardanelles its favor was courted by the Allies as well as by the Entente. Turkey's reply to the belligerents of both sides was a declaration of neutrality on August 8, 1914. In a formal note to the Government of the United States the Sublime Porte announced its neutrality and explained that the coincident mobilization was a purely precautionary measure.[26]

There was considerable difference of opinion in the Turkish Cabinet concerning the course which the Empire should follow. A popular belief seems to have gained credence that the entire Turkish Cabinet favored an alliance with Germany. Such was not the case, however. While the Minister of War was strongly in favor of such an alliance, the Ministers of Marine and of Finance favored an alliance with France, while the Minister of the Interior argued in favor of neutrality.[27]

Within three days after the proclamation of neutrality the drift of Turkey toward an alliance with Germany was evident. The German warships *Goeben* and *Breslau* had been nominally purchased by the Turkish Government and had passed through the Dardanelles. The commanding officer of the *Goeben* and other German officers on the ships entered Turkish military service. Two days later, on August 13, a general mobilization was ordered, a moratorium established, and Parliament was adjourned until November.[28]

A fortnight later Ambassador Morgenthau sent a dispatch to Secretary of State Bryan reporting a very close division among the Turkish Cabinet over the War question. He had been informed, the dispatch stated, that his advice at the psychological moment might have considerable influence. He therefore requested the Secretary to give him authority to emphasize to the Cabinet members of the Sultan's Government the desirability of maintaining strict neutrality. The reasons which were to be advanced were financial, commercial, and Turkey's military unpreparedness. The trump card was to have been an exposition of the danger of antagonizing the *Triple Entente* which, being in control of the Mediterranean Sea, could easily have captured Smyrna, Beirut, Alexandretta, Mersin, Jaffa, and Haifa. Mr. Bryan immediately instructed Mr. Morgenthau that he should " under no circumstances offer any suggestions officially or unofficially to the Turkish Government or to any Turkish official relative to the question of Turkish neutrality in the present War." The Secretary added, however, that if the Turkish Government should request an opinion the Ambassador should reply that the Government of the United States was very desirous of the continued neutrality of Turkey. But such an expression of American hope for Turkish neutrality was to be based entirely on a humanitarian plea rather than on any political consideration.[29]

A month passed with Turkey remaining neutral. Suddenly on the 27th of September the Dardanelles were closed and mines were laid at the entrance. Turkish authorities explained their action by a statement that an English squadron stationed at the entrance to the Dardanelles had refused to permit a Turkish torpedo boat with German officers on board to enter the Mediterranean. The Government of the United States officially protested against that action by the Ottoman Government and denied Turkey's right to close the international highway.[30] Two days later the Ottoman Government notified his Britannic Majesty that the Dardanelles would remain closed until the English and French squadrons left.

On September 30 an anonymous telegram from Constantinople was received at the British Embassy in Washington. The message stated that if the Ottoman Government could be assured of a supply of coal it would enter the War as an ally of Germany. An appeal was made to the British Ambassador to arrange an embargo on all shipments of American coal on British tramp ships which might reach Turkey.[31]

After a final month of hesitancy and uncertainty the *Goeben* and *Breslau*, nominally Turkish but under command of the German Admiral Suchon, raided the harbor of Odessa on the night of October 29, where they sank a Russian gunboat, a

French ship, and damaged two Russian dreadnaughts. There can be no doubt that the raid was inspired by German officials in order to force Turkey into the War as an ally. From that point on the Ottoman Empire was actually a belligerent, although Russia did not declare war on Turkey until November 4, and the Ottoman Government issued no formal declaration until November 11.[32]

In September an incident had occurred which, had it not been skillfully handled, might have resulted in serious consequences at a time when international relations were already at the breaking point. In August American Consuls in Turkey had sent urgent requests for the presence of United States warships in Turkish waters. The Ambassador had forwarded those requests to Washington together with his own urgent plea for the dispatch of vessels to preserve order and to protect Americans and their property, especially at Beirut and Smyrna. The British *Chargé d'Affaires* had promised that in case of emergency he would request his Government to send British warships to those two ports for the protection of American interests until the American ships should arrive.

After securing the approval of the British, French, Russian, and German Governments, the United States Government sent the *North Carolina* and the *Tennessee* to Turkish waters. Upon arriving at Smyrna the *Tennessee* dropped anchor in the outer harbor, since the port had been closed and mined, and Commander Decker set out for Smyrna in his launch. As his boat neared the harbor entrance a Turkish guard fired three shots, causing the launch to return to the warship. The Commander immediately notified the Governor General of Smyrna that " a repetition of this line of conduct would cause the *Tennessee* to advance to a place from which it could bombard the fortresses."

The Turkish officials asserted that the first shot had been a blank and the other two shots had been fired in another direction solely for the purpose of warning the launch that it was proceeding directly toward a mine. On the other hand Commander Decker declared that all three shots had been solid and had been aimed at the launch. The Governor General offered to call and present formal apologies and to take the commanding officer overland by automobile to Smyrna. At that point telegraphic instructions from Ambassador Morgenthau at Constantinople ordered the *Tennessee* to proceed to the Island of Chios and the incident was thereby closed.[33]

As the situation became more tense following Turkey's entrance into the War, President Wilson, through Secretary Bryan, advised the quiet withdrawal of all Americans engaged in mission work in the interior. That advice was transmitted by Ambassador Morgenthau, but none of them would leave the scene of their labors nor desert their people in the time of stress and danger. Upon the severance of diplomatic relations in April, 1917, the Government again advised all Americans in Turkey to withdraw. As a consequence many missionaries departed, but in December, 1917, there were still forty-nine mission workers in Turkey.[34]

From the summer of 1914 to the spring of 1917 the American Ambassador was in charge of the diplomatic interests of Great Britain, France, Russia, Italy, Belgium, Serbia, and Montenegro. At the same time the United States Consul General represented the consular interests of Great Britain, France, Italy, Russia, Belgium, Serbia, Montenegro, and Switzerland.[35]

Up to that point American relations with Turkey remained friendly and might have continued so throughout the entire War period had it not been for the action of the Sublime Porte following the American declaration of war on Germany. On the 6th of April, 1917, the United States Government issued a formal declaration of war against Germany. On the 20th of April the Sublime Porte addressed the following note to the American Ambassador, Mr. Abram Elkus:

> The Embassy of the United States of America having informed the Imperial Ministry of Foreign Affairs by its note verbal of 8th April, 1917, No. 2422, that its Government is in a state of war with the German Empire, I have the honor to inform Your Excellency that the Imperial Ottoman Government, ally of this Empire, is obliged to break its diplomatic relations with the Government of the United States of America, beginning today.[36]

The press comment in Constantinople reflected considerable regret over the American declaration of war on Germany. The general opinion was well represented in an editorial which appeared in *Sabah*, April 21, 1917, the day after diplomatic relations with America had been severed. That paper lamented the

American action in declaring war on Germany. By that action, it was claimed, America practically declared war on Turkey, so that Turkey in order to show its feeling severed diplomatic relations. The editor expressed the opinion that America had no excuse for treating Turkey in that manner, for his country had always been friendly and had accorded great facilities to American religious institutions.[37]

It might have been expected that the United States Government would retaliate by declaring war against the Imperial Ottoman Government. Was failure to do so an indication of the lack of importance attached to the Ottoman Empire? Such can hardly be the case when one recalls how eagerly the Allies had endeavored to secure the support of Turkish arms and, failing in that, to maintain Turkish neutrality. Certainly one reason for the American failure to declare war on Turkey was strategic. It was considered unwise to divert and spread American troops as far as the Near East. It was quite obvious that Germany wished to have America declare war on Turkey, hoping that such action would bind its Turkish allies more closely. Germany also must have wished the spreading of American military forces. Hence an American declaration of war would have been a military advantage to Germany. In view of these complicated circumstances the Allies advised the United States Government to refrain from such a declaration. It was pointed out, moreover, that a declaration of war against Turkey could produce nothing but unfortunate results. Such action would prevent American relief work in that section of the world. It might lead to renewed atrocities and would certainly result in the seizure of all American property.[38] Another consideration was that America might some day act as a mediator if it maintained its neutral rôle. Perhaps most important of all was the influence which former Ambassador Morgenthau enjoyed with his Government and his belief that he could conclude a separate peace with Turkey. Steps leading to such a conclusion were well under way and Mr. Morgenthau had actually arranged for peace negotiations with Enver Paşa, but his proposals seriously interfered with the plans of the Zionist Jews who feared that an independent Palestine would be impossible if Mr. Morgenthau's scheme proved successful. Consequently it is said that the Zionist leaders were successful in thwarting an early move for peace.[39]

Upon the severance of diplomatic relations all Americans who were not absolutely needed in Turkey left the country. When the American officials departed, the diplomatic interests of the United States were placed in the hands of the Swedish Legation and Mr. Luther Fowle was unofficially attached to that Legation to represent American interests.

Following the cessation of hostilities as a result of the armistice of Mudros on October 30, 1918, the United States Government appointed Mr. Lewis Heck as United States Commissioner to Turkey on December 4, 1918, and in May, 1919, Mr. G. Bie Ravndal also was appointed a Commissioner. On February 15, 1919, the United States War Trade Board announced the resumption of trade with the territory embraced within the former Turkish Empire.[40]

On August 12 of the same year Rear Admiral Mark L. Bristol was appointed High Commissioner representing all departments of the United States Government. Although Admiral Bristol assumed his post as American High Commissioner in Constantinople the United States Government had not yet reëstablished formal relations with the Sublime Porte, hence for a short time diplomatic negotiations continued through the medium of the Swedish Legation.

Since the United States had never been at war with the Ottoman Empire it was not a party to the peace negotiations which culminated in the abortive Treaty of Sèvres on August 10, 1920. Upon the successful rejection of that Treaty by the new Turkish Government and the decision of the Allies to call a peace conference at Lausanne in November, 1922, the United States Government accepted an Allied invitation to send observers to the conference. Although not officially represented the American Government

> agreed to throw the full weight of American influence in favor of the maintenance of capitulations; the protection, under proper guarantees, of philanthropic, educational and religious institutions; the Open Door; indemnity and losses suffered as a result of arbitrary and legal actions; the protection of minorities; the freedom of the straits; and reasonable opportunity for archeological research and study.[41]

Following the conclusion of the Lausanne Treaties on July 24, 1923, the American observer, Honorable Joseph Clark Grew, concluded the negotiation of a Turco-American treaty on August 6. Recognizing that the American treaty must of necessity be based on the general outlines of the treaties concluded with the Allies, the American representative accepted for his Government similar arrangements, since the Turkish delegates were willing to grant as much to the United States as they had granted to the Allies, but no more. But unexpected opposition to the Treaty with Turkey developed in America. The question of its ratification became a political issue, the Democratic party inserting a plank in its platform for the campaign of 1924 denouncing the Treaty. The Convention was reported out of Foreign Relations Committee January 31, 1925, but did not come to a final vote until January 18, 1927, when it was rejected by 50 to 34, lacking only six of the necessary two-thirds majority for ratification.[42]

In February of the preceding year a *Modus Vivendi* had been concluded which averted for six months the operation of the Turkish law which automatically raised the rates on imports from countries not having concluded commercial treaties. The Treaty not having been ratified by the United States Senate in August, the time limit again was extended six months to February 20, 1927. Following the final rejection of the Treaty the Department of State instructed Admiral Bristol to provide for the resumption of diplomatic relations by an exchange of notes and also to provide for the protection of American commercial interests by negotiating a new *Modus Vivendi* to continue in force until a treaty could be ratified.

Under the terms of the notes, dated February 17, 1927, covering diplomatic relations the two Governments agreed to establish for an indefinite period diplomatic and consular relations and to regulate the conditions of establishment and residence according to the principles of international law. The *Modus Vivendi* provided further that, pending the coming into effect of a treaty, the essential provisions of the rejected Convention and its annexes should constitute, on condition of reciprocity, the basis of relations between the two Governments. In other words, as a comparison of the Lausanne Treaty and the diplomatic *Modus Vivendi* indicates, the latter arrangement practically gave force to the terms of the rejected Treaty.

On the same date a new commercial agreement was concluded preserving the *status quo* for one year.[43]

To the great satisfaction of Turkish authorities, Honorable Joseph Clark Grew, then Undersecretary of State and formerly Minister to Switzerland as well as Chief of the American delegation at the second Lausanne Conference, was appointed Ambassador to Turkey. The Republic of Turkey selected His Excellency Moukhtar Bey as Ambassador to the United States. Ambassador Grew presented his letters of credence to President Mustapha Kemal Paşa October 12, 1927, while Ambassador Moukhtar Bey assumed his duties at Washington two months later.

Thus after slightly more than ten years, formal diplomatic relations were reëstablished, but under greatly altered circumstances. In place of the old Ottoman Empire which had long been caricatured in America as the " Sick Man of Europe " had arisen a new virile Government symbolic of a new era in Turkey, which the United States had officially recognized by its action.

As time passed following the exchange of Ambassadors it became increasingly evident that it would be extremely difficult to secure favorable action in the Senate on the treaty which had been concluded in 1923 at Lausanne. The commercial *Modus Vivendi* had been graciously extended by the Turkish Government, but on April 10, 1929, when it was once more extended for a twelve months' period the Grand National Assembly passed a law which set the final date for provisional agreements at June 1, 1930. Under the circumstances it was decided to negotiate an entirely new treaty dealing only with commerce and navigation. Such a treaty was concluded and signed October 1, 1929. With unusual celerity the Senate gave its approval for ratification on February 18, 1930, and two months later on April 12, the Grand National Assembly voted its approval of the new treaty. Ratifications were exchanged and the convention became effective April 21. While the new treaty is purely commercial it paves the way for the subsequent negotiation of treaties involving the various political questions at issue between the two Governments.

America and the Armenian Question

There has not always been an Armenian Question. For five centuries Turks and Armenians lived together in peace. What is known as the Armenian Question may be said to date from the time of the accession of Sultan Abdul Hamid in 1875. The origin of the Armenian Question is a subject beyond the scope of this inquiry but the evidence indicates unmistakably that the massacres which have shocked the world began under the reign of the " Red Sultan." The situation of Armenians in the Empire grew steadily worse following the accession of Abdul Hamid, culminating in the massacres of 1894 and 1895. American interest in the Armenian Question may be said to date from that time.

Upon receiving word of atrocities suffered by Armenians in the Ottoman Empire, the United States Senate adopted the following resolution on December 3, 1894:

> Resolved, That the President be requested, if in his judgment it be not incompatible with the public interest, to communicate to the Senate any information he may have received in regard to alleged cruelties committed upon Armenians in Turkey, and especially whether any such cruelties have been committed upon citizens who have declared their intention to become naturalized in this country, or upon persons because of their being Christians.
>
> And, further, to inform the Senate whether any expostulations have been addressed by this Government to the Government of Turkey in regard to such matters, or any proposals made by or to this Government to act in concert with other Christian Powers regarding the same.[44]

President Cleveland replied that no information had been received with the exception of newspaper reports and two meager telegrams from Minister Terrell at Constantinople. In the absence of authoritative and detailed knowledge no expostulations had been made. A peculiar situation then developed owing to the discrepancy in the two telegraphic reports. The first message reported that the accounts of atrocities were highly colored. Consequently when a message was received from the Sultan asking the United States Government as a neutral power to appoint a member to a Turkish Commission which was to investigate the massacres the invitation was declined. Two reasons were given for the refusal to participate, one being the exaggerated nature of the reports and the second the American belief that such an investigation could be carried out only under the Treaty of Berlin of 1878, to which the United States was not a party.

Then came a second telegram reporting considerable truth in the rumors which had previously been received. Upon receipt of that information the American Government changed its decision and instructed Consul Jewett to join the Commission as an unofficial member and to report the Commission's findings and his own conclusions to his Government. Consul Jewett was therefore the first " unofficial observer " in Turkish-American relations.

Following the American refusal of his invitation to participate in the official investigation, Sultan Abdul Hamid had invited certain European powers to act on the Commission. Having accepted, they objected to the presence of an " unofficial " member from the United States. Consequently the Sultan was obliged to refuse to recognize the American Consul. As a result of those complicated circumstances the position of the Turkish Government was extremely embarrassing. Whether it recognized the American representative or not it was bound to incur the displeasure of the European powers or of the United States.

Following the refusal to recognize the American representative the United States Government threatened to consider the Turkish action as an offense and demanded his recognition. Added to the already strong anti-Turkish feeling the press reports of that incident caused great popular excitement in America. A point had been reached where one of the disputants was required to conciliate, and on the very strong representations of Minister Terrell to his Government the difficult situation in which the Sublime Porte was placed was made clear and the appointment of Consul Jewett as an unofficial member of the Commission was canceled.[45]

Referring to that event in his annual message in 1895 the President lamented the objections which prevented American participation in the investigation. American action was motivated, he said, not by a desire to become entangled in the Armenian question nor as an officious interference with the right and duty which belonged by treaty to certain of the great European powers, but solely from American desire to obtain accurate knowledge of the conditions in Turkey for the purpose of caring more effectively for those entitled to American protection.[46]

A second Senate resolution dated December 4, 1895, requested the President for further information concerning injuries inflicted on persons or property of American citizens in Turkey as well as information concerning oppression and cruelties practised on the Armenian subjects of the Turkish Government.[47]

In answer to that portion of the resolution calling for information concerning oppression and cruelties practised on the Armenian population Secretary Olney stated that the press reports of atrocities had been greatly exaggerated.[48] In his annual message in 1896 President Cleveland expressed regret at his inability to report improvement in the situation in Asiatic Turkey. Yet America was powerless to take really effective action, for such action would not only be resisted by the Ottoman Government as an unwarranted interference with its sovereign rights

> but would be regarded as an interruption of their plans by the great nations who assert their exclusive right to intervene in their own time and method for the security of life and property in Turkey.

In concluding his remarks on that subject the President expressed a hope which unfortunately failed of realization.

> I do not believe that the present somber prospect in Turkey will be long permitted to offend the sight of Christendom. It so mars the humane and enlightened civilization that belongs to the close of the nineteenth century that it seems hardly possible that the earnest demands of good people throughout the Christian world for its corrective treatment, will remain unanswered.[49]

As a result of the Armenian massacres in the latter part of the nineteenth century followed by the massacres of 1908 and 1909, which were climaxed by the atrocities and deportations of 1915, a strong pro-Armenian and anti-Turkish sentiment developed in the United States. The development of that sentiment, however, was not entirely natural. In 1873 there had been established in London a press bureau which had for its purpose the foreign dissemination of all news prejudicial to the Turks. Together with news favorable to Armenians, those reports were sent to the United States to furnish propaganda for the establishment of an Armenian nation. As Cyrus Hamlin, first president of Robert College, so aptly remarked, there is no nation in the world perfect enough to withstand such an onslaught of malicious information. "Whenever I pick up a paper of eastern news," said President Hamlin, "I pray 'Oh Lord, endow me with a suitable sense of unbelief.'"[50] Moreover, large numbers of Armenians who had formerly been subjects in the Ottoman Empire migrated to America, where they organized into societies for the propagation of anti-Turkish propaganda with the idea of developing a sentiment in favor of an independent Armenia. A journal was published in New York in the Armenian language, which openly counseled its readers to organize societies and participate in movements for the subversion of Turkish authority in the Asiatic provinces.[51] Other types of Armenian organizations were designed to create among Americans a sympathetic sentiment, and the money-raising campaigns of relief organizations were sometimes colored by stories which at best were of doubtful veracity.

Upon Turkey's entrance into the War late in 1914, followed by the deportations and massacres of 1915, the United States Government protested vigorously. Ambassador Morgenthau suggested the wholesale emigration of Armenians to the United States, but his plan was declared impracticable. As an alternative the American Commission for Armenian and Syrian Relief was organized to alleviate the sufferings of those unfortunate people. The United States was also successful in drawing from the German Government an official protest to the Turks for their actions in dealing with minorities.[52]

In 1918 there was a universal demand for a definitive settlement of the Armenian Question. With Turkey thoroughly and completely conquered there was a belief among the people in all nations that the time at last had arrived when the question which had aroused the attention of all civilized countries could be settled. The problem was to agree on the best method of settlement. Popular opinion seemed to favor ejecting the Turks from Europe and the erection of an independent Armenia in the eastern provinces of Asiatic Turkey. In some quarters it was strongly urged that the United States should declare war on Turkey for the purpose of effecting such a settlement. Immediately objections were raised to those proposals. One American official expressed the opinion that he had never had any patience with the hue and cry for kicking the Turks out of

Europe. A much greater thing to do, in his opinion, would be to kick Europe out of Turkey and thus destroy the intriguing influences which had always made Turkey a boiling pot.

The proposal to erect an Armenian Homeland in the eastern part of Asiatic Turkey was favored by no one really familiar with all that such a proposal involved. Speaking on this point, the same official strongly recommended that the United States Government and the people of the United States face the situation in the Near East fairly and squarely and exclude sentiment in making their decision as to the course of action to be taken. The policy pursued in 1918 and 1919 by Armenian sympathizers in America could not have been better designed to thwart the achievement of a solution which would be to the best interests of the Armenians.

The solution of the Armenian Question and America's relation to it gradually developed into a broad proposal for an American mandate over all that remained of the former Ottoman Empire. That proposal was based on the belief that the Armenian Question could not be settled in Armenia. The Turks themselves favored such a proposal. A plebiscite fairly taken would in all probability have favored an American mandate throughout the Empire.[53] In October, 1919, a petition was being secretly circulated in and around Smyrna begging the United States of America to accept a mandate for the entire Ottoman Empire. The object in making the request was reported to be to produce a condition of affairs which would remove all feeling of hatred and resentment and afford general security and opportunity for the economic and spiritual development of all races and creeds.[54] In Constantinople at the same time an organization was started which actively and openly campaigned for an American mandate. In 1919, following the alarming trend of events in Turkey, as an aftermath of the Greek occupation of Smyrna, the Allies permitted a Turkish delegation to appear before the Peace Conference at Paris to present its claims. The appeal there presented was for an American mandate over all Asiatic Turkey.[55]

Not only were the Turks favorable to an American mandate over all of Asiatic Turkey, but American officials and business men in Turkey also favored such a solution. The American High Commissioner was indefatigable in his efforts to secure recognition on the part of his Government of the absolute futility of a mandate over Armenia alone as compared with a mandate over the entire country. Such a mandate could be executed peacefully with the aid of only a few ships and about 30,000 marines. On the other hand a mandate over Armenia would require many more soldiers and would be accompanied by disturbances not only in Armenia but in other parts of Turkey. In short, to partition Turkey would merely be setting up a new Balkan situation in Asia Minor.[56]

The official report of the American Military Mission to Armenia concluded that the Armenian Question could not be settled in Armenia. A one-power mandate over all of Anatolia was held to be imperative.[57]

A memorandum entitled "The Logical Solution of the Turkish Question," signed by nine United States citizens engaged in business in Smyrna placed them on record as definitely favoring a mandate over all of Turkey by one power. According to their argument the situation prevailing in Turkey in 1919 was a fair sample of the situation which would result from dismembering the Empire. The proposal for setting up an Armenian Homeland in the eastern provinces was bound up with the English, French, Italian, and Greek division of the remaining parts of the Empire. The economic aspects of such a division of the country were well portrayed in the memorandum. In each small zone would be found a different government with its own currency, postal and telegraphic systems, railway systems, import and export duties, and so forth. The industrial and commercial development of the country required its maintenance as an economic unit and that could be done only through a one-power mandate.[58]

The Allies were opposed to the proposal for an American mandate over all of Asiatic Turkey. If, however, circumstances compelled recourse to such a mandate they were determined that one of them rather than America should be the mandatory power. Hence the proposal of an American mandate over Armenia emanated from Allied counsels. Such a solution would have been ideal from their viewpoint. The reasons were obvious. At the end of the World War it was impossible, because of the wartime statements of ideals, openly to carry out the policy of annexation as established by wartime treaties.

From the dilemma of violating promises or of losing the spoils of war originated the mandatory system. It was evolved for and intended to apply only to Turkish territories, but President Wilson succeeded in extending the principle to include German colonies.[59] Moreover, England strongly favored the proposal, for its execution would place a strong power as a buffer state between Russia and English possessions.

In allocating mandates in former Turkish territories the Principal Allied Powers failed to consult the United States Government. Technically their action was justified since the United States had never declared war on Turkey. Nevertheless, the American Government objected to the Allied action in a formal memorandum dated several months later in which it was pointed out that

> while it is true that the United States did not declare war against Turkey, still the opportunity of the Allied Powers to secure the allocation of mandates and the administration of territories formerly under Turkish rule, was made possible only through the victory over Germany, and the United States assumes that by reason of its relation to that victory and the fundamental principle recognized as applicable to the administration of mandates over territories, there would be no disposition in relation to any of these territories to discriminate against the United States or to refuse to safeguard equality of commercial opportunity.[60]

After the allocation of mandates according to previous arrangements the Supreme War Council, following its meeting at San Remo on April 25, 1920, addressed a note to President Wilson proposing that the United States Government accept the mandate for Armenia. The request was motivated, according to the powers, by no desire to evade obligations but was necessary because the duties already assumed in the dissolution of the Ottoman Empire would strain their capacities to the utmost. Moreover, it was added, the appearance of a new-world power would inspire great confidence not only in the Near East but throughout Europe.[61] It should be noted here that this request came from the same meeting which resulted in the punitive Treaty of Sèvres, in the secret Franco-British San Remo Agreement and in the Tripartite Agreement between England, France, and Italy, all of which dealt with the dismemberment and partitioning of the remains of the Ottoman Empire.

On July 16, 1919, Colonel William Haskell had been appointed as resident Commissioner for Relief in Armenia for the United States. He was also clothed with full powers to represent the British, French, and Italian Governments for relief in Armenia. On April 23, 1920, the United States Government recognized the independence of Armenia. As the sentiment for an American mandate over Armenia was being developed in the United States a persistent demand for definite information concerning the country and the obligations involved in accepting a mandate over that newly recognized nation culminated in the appointment of an American Military Mission to Armenia. Major-General James G. Harbord was Chairman of the Mission with instructions to "investigate and report on political, military, geographical, administrative, economic and other considerations involved in possible American interests and responsibilities in that region."

The Mission was opposed to the acceptance of a mandate over Armenia alone. In summarizing its findings the Mission estimated that the total financial cost including expenses for government, army, railway, relief, and sanitation for a period of five years would amount to $756,014,000. Fourteen arguments in favor of accepting the mandate were contrasted with thirteen reasons why it should not be accepted. In favor of accepting the responsibility the appeal to humanitarianism was stressed. On the other hand the numerous reasons for opposing the mandate centered around the departure from the traditional Monroe Doctrine and the expense involved. It was also emphasized that the United States had extensive domestic obligations and that the whole situation in the Near East was an outgrowth of European diplomacy, hence European diplomats should solve their own problems. The possibility of becoming embroiled in European disputes with the danger of armed conflict always in the background was also emphasized.[62]

On May 24, 1920, President Wilson asked Congress to grant him authority to accept a mandate for Armenia in accordance with the invitation of the Principal Allied Powers. On the 29th by a vote of 52 to 25 the Senate declined to grant the Executive power to accept the mandate. No reasons were given by the Senate for its action, but Professor Philip Marshall Brown expressed the opinion that objection was based on the report of the American Military Mission to Armenia. In his opinion the Senate was influenced by three main considerations, the first being the military problem of maintaining order, the second the political complications which it was feared would result, and the third the financial burden involved.[63]

Several years later Secretary Hughes wrote that

> contrary to an impression which is somewhat widespread in this country, this Government, while it has always exerted its influence in a humanitarian way, has not assumed political obligations with respect to the Armenians or other Christian minorities in the Near East. Treaties concluded by other Powers undertook, however, to deal with such questions.[64]

The action of the Senate in 1920 did not settle the question of American acceptance of a mandate for Armenia. Sympathizers of the Armenian cause kept the issue alive, and the Democratic party made it a political issue in the campaign of 1924 by inserting a plank in its platform denouncing the Turco-American Treaty of Lausanne for its failure to provide for an Armenian National Home. At the opening of the first Lausanne Conference Ambassador Child issued a formal statement on December 30, 1922, setting forth the American attitude toward the question of an Armenian Home. He stated that although the American delegation was not engaged in the discussions of a treaty which the United States would sign they agreed with the expressions of representatives of the Allied powers in favor of the Armenian Home. He added that the American delegation would like to see that project realized and that interested Armenians and Americans had been assured that the question would be discussed at the Conference. Moreover, the Ambassador concluded, Americans would insist that Turkey favor a practical solution of the question.[65]

The Turkish delegates were absolutely opposed to all proposals concerning the establishment of an Armenian National Home in Turkey. Consequently neither the Lausanne Treaties between Turkey and the Allied Powers nor the Treaty with America contained any mention of the Armenian project. The proposal advanced by Dr. Fridjtof Nansen, which had originally been suggested by Premier Venizelos, that the minority populations be exchanged was adopted in the Lausanne Treaties. That proposal having been definitely accepted when the American delegation opened its negotiations with the Turkish representatives the Americans were in no position to demand that the new Government of Turkey accept the proposal for an Armenian National Home, without recourse to arms.

Upon the publication of the Treaty a violent attack was launched in which among other things it was charged that the American representatives had declined to support the project of an Armenian National Home except " unofficially " and that America had traded the rights of Armenia for the Chester project and dubious oil concessions. Senator King made such a charge on the floor of the Senate and called for a senatorial investigation.[66]

While opponents of the Treaty were criticizing the American delegation for failure actively to support the project of an Armenian National Home, government officials and the press in Turkey were criticizing the Americans, particularly Ambassador Child, for the support given to the Allies in the debates on the protection of minorities. It was felt in Turkey that the senior American representative had exceeded his rôle as unofficial observer.[67] An editorial in the Turkish newspaper *Vakit* which appeared January 15 and 16, 1923, also expressed the opinion that Mr. Child had gone beyond the rôle of observer and that his action had aroused deep antagonism in Turkey.[68]

In replying to the charges contained in the pamphlet calling for rejection of the Turkish Treaty Mr. Grew informed the Secretary of State that at no time during the Conference was there

> any connection whatever between the Armenian question and the principle of the Open Door or the Chester or any other economic concession, whether dubious or not. There was no trading, and by the nature of things there could have been no trading, in these entirely dissociated issues.

The principle of the Open Door was supported purely as a principle and the delegation was not even aware of the terms of the Chester Concession. Mr. Grew concluded that

> the project of an Armenian National Home failed to succeed owing to the insurmountable opposition of the Turkish Government. No effort was left unmade, no argument left unused, but the Powers represented at Lausanne were obliged to deal with facts.[69]

A formal and complete denial of the charges also was made by Secretary of State Hughes in a dispatch to the Senate in which he outlined in detail the conditions under which the United States Government had accepted the invitation of the Allies to participate in the Lausanne Conference. In the course of a public address Secretary Hughes also took occasion to outline the policy of the United States Government at Lausanne, which was entirely devoid of any secret diplomacy.[70]

That there was absolutely no connection between the failure to secure Turkish consent to the establishment of an Armenian National Home and the granting of a Concession to a group of American capitalists there can be no doubt. Yet opponents of the Treaty were successful in securing its rejection by the Senate. That action, however, was of no possible assistance to the Armenians while it did involve the sacrifice of certain advantages which had been gained for legitimate American mission, philanthropic, and commercial interests in Turkey. Subsequent events have shown that the project of an Armenian National Home can never be realized. Rightly or wrongly the question of minorities has been settled. Further efforts on behalf of the Armenian Nation are futile, for the present Government of Turkey will never entertain any proposal for the revival of that question. There will be no more massacres of minorities remaining in Turkey as long as the present Government continues in power, yet in the face of all that has transpired and in spite of the hopelessness of the cause the Democratic party in its platform for 1928 attempted to revive the question by going on record as favoring

> the most earnest efforts on the part of the United States to secure the fulfillment of the promises and engagements made during and following the World War by the United States and the Allied Powers to Armenia and her people.

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PART II

THE ROMANCE OF TRADE

III

Early American Trade with Turkey

The Beginning of Commerce

COMMERCE has never recognized political boundaries. Merchants have travelled up and down and across the world to carry specialized delicacies from one region to another. Such action is based on nothing more than a recognition of the economic principle of territorial specialization. It is not surprising therefore to find that the lusciousness of Turkey's figs was well known in the United States as early as 1785. Enterprising American merchants sent their vessels out to a remote unknown country whose chief export city was Smyrna. To that place camel caravans carried the prized fruit and other products which were loaded on sailing ships and eventually carried to Boston, New York, and Philadelphia. In 1785 a Boston firm advertised that it had " a few casks of best Smyrna raisins for sale " [1] and in 1812 Henry Harrison, Captain of the *Pennsylvania Packet,* inserted an announcement in the Philadelphia *Daily Advertizer* for October 2 that he had " filberts, nuts and raisins from Smyrna for sale " at 55 North Front Street, Philadelphia.[2]

Commerce not only fails to recognize political boundaries but does not wait for the formal sanction of commercial treaties. For forty-five years Americans traded with Ottoman merchants before a treaty of commerce was concluded between the Governments of the United States and the Ottoman Empire. During those years the English Levant Company, which had long traded in the Near East, permitted American ship owners and merchants to operate under the sanction and protection of the Company. That Company enjoyed special privileges in trading with Turkey and for the opportunity of sharing in them captains of American vessels paid a stipulated sum. That practice continued until 1811, in which year Messrs. Woodmas and Offley established a trading house in Smyrna. Within a short time a dispute arose between the new American firm and the English Levant Company concerning the tariff charges levied against American traders. It was alleged by Mr. David Offley that the English Company had maneuvered so as to secure the promulgation by the Sublime Porte of a tariff which discriminated against the Americans. Although the nominal duties were only 3 per cent for imports there was another 10 per cent for gratuities, but the rate was raised to 15 per cent for American imports. Mr. Offley proceeded to Constantinople to secure a reduction of tariffs on American goods and was successful in his negotiations. He arranged an agreement whereby rates on imports from America were based on the French tariff with Turkey, thereby placing American trade on a parity with that of other nations. That agreement continued until the Turco-American treaty of 1830 became effective.[3] That convention placed the rate on imports at 8 per cent *ad valorem* and granted most favored nation treatment.

Although the total volume of American trade with Turkey was small during the pre-treaty period, it was steadily increasing. On one occasion it is reported that there were twenty American vessels lying in the harbor of Smyrna, while during the nine-year period from 1811 to 1820, exclusive of the year of the War of 1812, there were on the average thirteen American vessels arriving annually at that port.[4]

On May 4, 1802, Mr. William Stewart was appointed as the first American Consul to Turkey. He reached his post at Smyrna in April, 1803, but was refused recognition by the Sublime Porte. Consequently, he left in the same year after having designated an English merchant as pro-Consul. Although the latter official was never formally appointed by the American Government nor recognized by the Ottoman Government, he continued to function until 1822, periodically dispatching reports to the Department of State but never receiving any communications from Washington.[5]

In 1808 Mr. Sloane of Baltimore also is reported to have been sent to Smyrna as American Consul, but upon failing to receive recognition delegated American affairs to the Consul for Denmark and Sweden.[6] In 1824 David Offley, who had been a resident of Smyrna for fourteen years and who appears also to have functioned semi-officially as a commercial agent during that time, was appointed American Consul.[7] Presumably the first Turkish Consul to the United States was appointed March 20, 1856, when J. Harford Smith was chosen to represent the Ottoman Empire at New York.[8] On October 8, 1835, Nicholson

L. Perrich was appointed American Consul at Bursa. For two years he performed his duties gratuitously but in 1837 was granted a salary of $500 per year. That generous recognition gave great pleasure to Messrs. Benjamin Schneider and P. O. Powers, American missionaries in Constantinople, who highly praised his work in their interest, which constituted his chief duty since he had no commercial services to perform.[9]

TABLE 1

AMERICAN EXPORTS TO AND IMPORTS FROM TURKEY [1]
Years Ending June 30, 1829, and September 30, 1830 [2]

Exports	1829	1830	Imports	1829	1830
Breadstuffs	$ 65	$ 2,972	Fruits and Nuts	$ 43,243	$ 74,615
Cotton, manufactures of	4,563	29,117	Rugs and Carpets	449	153
Leather manufactures	—	917	Wool, unmanufactured	64,519	20,329
Sugar, refined	—	827	Opium	92,924	132,222
Iron and Steel	85	670	Hides and Skins	8,986	14,658
Printing Press and Type	—	500	Olive Oil	19,928	—
Drugs	—	432	Old Copper (to be remanufactured)	14,024	3,896
Distilled Spirits	18,185	16,156	Wines	2,683	8,614
Soap	1,350	—	Salt	2,125	907
Tobacco, manufactures of	1,099	3,651	Soap	1,426	—
Hats	985	—	Silver	—	45,018
Gunpowder	—	3,250	Rags	—	2,289
Fish	—	2,828	Coffee	1,000	—
Candles	546	2,542	Wood, Mahogany	—	532
Meat and Produce	—	1,829	Miscellaneous	41,930	114,159
Furniture	—	1,590			
Paper and Stationery	—	941			
Skins and Furs	—	840			
Naval Stores	—	692			
Miscellaneous	722	4,509			
	$27,600	$74,263[3,4]		$293,237	$417,392

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[1] Egypt included.

[2] UNITED STATES TREASURY DEPARTMENT, *Commerce and Navigation* of the United States for the years covered.

[3] The figure given in *Commerce and Navigation* for this total is $75,801.

[4] All imports and exports were carried in American vessels.

The nature and the volume of Turkish-American trade at the time of the conclusion of the first treaty is shown in the accompanying table. Figures are given showing the imports and exports for the two years 1829 and 1830. It will be recalled that the Ottoman Empire was engaged in a war with Russia in 1829, consequently its foreign trade suffered as the figures indicate. Nevertheless, the table illustrates the types of goods which Americans bought from and sold to Turkey one hundred years ago.

It will be seen that in 1830 the chief imports in the order of their importance consisted of opium, fruits and nuts, silver, unmanufactured wool and hides and skins, while the two chief articles of export were manufactures of cotton and distilled spirits, principally rum. The total trade was valued at slightly less than half a million dollars.

Not long after the conclusion of the Treaty of 1830 a situation developed which hampered the expansion of commercial relations. Writing on November 25, 1834, Acting Consul John P. Brown reported that immediately after the conclusion of the Treaty several American trading vessels had arrived in Turkish ports but that in the last twelve months none had made their appearance. He attributed their absence to the difficulty of obtaining return cargoes. The usual cargo on the return trip was Turkish wool but the American Tariff of Abominations had levied such a high rate on imports of raw wool that it was unprofitable for shippers any longer to buy in the Turkish market. As a result the small export trade which had been developed with Turkey was lost to England and France.[10]

The Growth of Trade in the Nineteenth Century

The development of Turkish-American trade from 1831 to 1900 is shown statistically in the second table, which gives figures for imports and exports and indicates the nature of the trade balance. It will be seen that in the twenty years following the conclusion of the Treaty there was a good deal of fluctuation in the total volume of trade, with the figure reaching the million-dollar mark in only one year. Beginning in 1850, however, the annual value of the commerce reached the figure of $1,000,000, from which it receded in only two years prior to 1862. On three occasions the figures exceeded

$2,000,000 annually, and we find them fluctuating around $1,500,000 in 1862.

In that year a new Treaty of Amity and Commerce was signed by the Governments of Turkey and the United States. The more important articles of that Treaty provided that the Turkish Government would grant most favored nation treatment to American citizens and ships and that Turkish authorities were not to require trade permits from Americans. It was stipulated that the Ottoman Government would levy equal import duties on the goods of all nations and that the 8 per cent *ad valorem* duty on exports was to be reduced annually to a permanent level of 1 per cent. An import duty of 8 per cent *ad valorem* was to be levied on all goods entering Turkey with a provision for refund if the goods were re-exported within six months. Unfortunate experience with Turkish customs officials in the past resulted in the insertion of an article providing that customs duties should be paid only once, and in such matters as warehousing, bounties, drawbacks, and port facilities Americans were guaranteed equality of treatment. Whether goods were shipped in American vessels or Ottoman ships they were to receive equal treatment, and the passage of ships through the Dardanelles and the Bosphorus was to be free of any transit charges. The old Turkish land transit duty of 3 per cent was reduced to 1 per cent, and the Ottoman prohibition of importations of arms and ammunition was recognized. Finally, a joint Tariff Commission was provided for to draw up a schedule of values upon which to base the *ad valorem* duties.[11]

Looking at the total volume of trade for the period from 1862 to 1900 it is seen that with the exception of years when total figures were not available or when some unusual event affected commercial relations the figures show a comparatively steady increase reaching $7,000,000 in 1897. That general upward trend is minimized by the fact that during the last quarter of the period the general level of wholesale prices was falling. Mention also should be made of the fact that during the same period there was an upward trend in American tariff rates on commodities imported from Turkey which no doubt retarded the development of Turkish-American trade, the more so since the bulk of the commerce consisted of imports from Turkey.

TABLE 2

ANNUAL VALUE, IN DOLLARS, OF AMERICAN EXPORTS TO AND IMPORTS FROM TURKEY, 1831 TO 1900 [1]

Year [2]	Exports to Turkey	Imports from Turkey	Total Trade	Balance [5]
1831	$ 38,503	$ 521,598	$ 560,101 [4]	$ 483,095
1832	64,722	923,629	988,351	858,907
1833	167,202	786,044	953,252	618,836
1834	62,458	569,511	631,969	507,053
1835	63,202	387,553	450,755	324,351
1836	99,085	975,371	1,074,456	876,286
1837	36,659	693,161	729,820	656,502
1838	142,448	296,533	438,981	154,085
1839	83,320	629,190	712,510	545,870
1840	119,745	563,476	683,221	443,731
1841	200,934	614,872	815,806	413,938
1842	125,521	370,248	495,769	244,727
1843 [3]	108,465	182,854	291,319	74,389
1844	186,139	385,866	572,005	199,727
1845	115,553	781,517	897,070	665,964
1846	126,193	760,998	887,191	634,805
1847	61,570	577,710	639,280	516,140
1848	114,830	406,028	520,858	291,198
1849	193,876	374,064	567,940	180,188
1850	204,397	801,023	1,005,420	596,626
1851	162,204	901,236	1,063,440	739,032
1852	265,825	556,100	821,925	290,275
1853	207,358	727,516	934,874	520,158
1854	219,496	803,114	1,022,610	583,618
1855	794,259	790,889	1,585,148	3,370 [6]
1856	1,404,768	741,871	2,146,639	662,897 [6]
1857	527,481	829,569	1,357,050	302,088
1858	783,405	1,269,680	2,053,085	486,275
1859	624,403	798,164	1,422,567	173,761
1860	783,081	1,379,860	2,162,941	596,779
1861	584,169	1,014,821	1,598,990	430,652

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[1] *Commerce and Navigation, passim*, for the years covered.

[2] Years ending September 30, 1831 to 1841 inclusive; year ending October 1, 1842; year ending June 30 thereafter.

[3] Nine months period.

[4] Egypt included 1831 to 1862 and 1869 to 1873.

[5] Turkish export balance unless otherwise noted.

[6] American export balance.

TABLE 2—*Continued*

Year	Exports to Turkey	Imports from Turkey	Total Trade	Balance
1862	442,721	959,692	1,402,413	516,971
1863	945,160	984,290	1,929,450	39,130
1864	—	—	—	—
1865	614,187	663,350	1,277,537	49,163
1866	570,845	866,650	1,437,495	295,805
1867	446,736	1,042,912	1,489,648	596,176
1868	678,026	1,475,635	2,153,661	797,609
1869	653,195	1,781,147	2,434,342	1,127,952
1870	2,565,289	2,196,524	4,761,813	368,765 [6]
1871	1,249,071	2,440,133	3,689,204	1,191,062
1872	1,209,443	866,719	2,076,162	342,724 [6]
1873	1,316,656	870,700	2,187,356	445,956 [6]
1874	2,217,072	2,412,163	4,629,235	195,091
1875	3,928,149	1,868,604	5,796,753	2,059,545 [6]
1876	3,101,074	1,496,503	4,597,577	1,604,571 [6]
1877	—	—	—	—
1878	1,017,099	2,108,810	3,125,909	1,091,711
1879	4,353,600	2,209,685	6,563,285	2,143,915 [6]
1880	1,607,229	3,528,917	5,136,146	1,921,688
1881	909,220	2,720,524	3,629,744	1,811,304
1882	1,829,166	3,315,647	5,144,813	1,486,481
1883	1,078,921	3,394,319	4,473,240	2,315,398
1884	1,097,644	3,293,149	4,390,793	2,195,505
1885	851,445	2,097,644	2,949,089	1,246,199
1886	1,379,125	3,665,269	5,044,394	2,286,144
1887	482,470	4,702,377	5,184,847	4,219,907
1888	326,657	4,088,898	4,415,555	3,762,241
1889	70,470	4,084,510	4,154,980	4,014,040
1890	44,894	3,863,657	3,908,551	3,818,763
1891	129,833	4,664,968	4,794,801	4,535,135
1892	206,350	4,969,029	5,175,379	4,762,679
1893	178,675	5,777,846	5,956,521	5,599,171
1894	192,328	3,930,391	4,122,719	3,738,063
1895	171,969	5,262,802	5,434,771	5,090,833
1896	72,732	6,037,949	6,110,681	5,965,217
1897	195,962	6,853,611	7,049,573	6,657,649
1898	382,665	4,444,415	4,827,080	4,061,750
1899	522,550	5,644,080	6,166,630	5,121,530

A glance at the column showing American exports to Turkey shows that with the exception of one year their annual value amounted to less than $1,000,000 as late as 1869. In 1870 the volume of exports suddenly increased in value to about $2,500,000 and continued well over a million throughout the remainder of that decade. This remarkable increase is largely attributable to American exports of mineral oils, firearms and ammunition. It will be recalled that the Treaty of 1862 prohibited the importation of firearms and ammunition into Turkey, but the restriction was removed in order that materials might be secured for prosecution of the Russo-Turkish War. Continued exportations of mineral oil from 1880 to 1885 largely accounted for the volume of American exports to Turkey. With the opening of Russian and Rumanian oil wells, however, and the establishment of an English shipping monopoly in the Levant the value of American exports to Turkey fell to less than $500,000 in 1887. In 1890 the figure actually fell to less than $50,000 and in two other years it was less than $100,000. The chief causal factor in the situation was the English monopoly over shipping which, in the absence of American vessels to carry American goods, established a schedule of prices which practically closed Ottoman markets to American exporters.[12] Mention also should be made of the fact that after 1865 the general level of prices was falling, hence the figures do not completely reflect the total volume of exports.

Turning to an analysis of American imports from Turkey we find that, contrary to the trend of American export trade with Turkey, the trend of the import trade was quite steadily upward, amounting to $5,600,000 in 1899 and representing 91.5 per cent of the total volume of trade.

The last column which we have to examine shows the nature of the trade balance in Turkish-American trade. Going back as far as 1831 it will be seen that with the exception of eight out of the seventy years, six of which fell in the decade 1870 to 1880 just prior to the English shipping monopoly in the Levant, the United States had an annual import balance which increased quite steadily from year to year as the volume of total imports increased. This is a striking contrast to the total balance of the American foreign trade which, beginning in 1874, showed an annually increasing export merchandise balance. It also provides an interesting contrast to the total balance of Turkish trade which, according to the available statistics, has been almost without exception an import merchandise balance. Since there was practically no immigration from Turkey to America in that period and no American shipping or insurance business with Turkey or other invisible items, there were very few, if any, invisible payments to offset the American merchandise import balance.

The Nature of Early Imports

A short analysis of the nature of American imports from Turkey provides some interesting information. The imports of commodities by decades from 1862 to 1892 inclusive are shown in table 3. Unmanufactured wool continued to be the most important item throughout the period, the value of imports reaching $1,270,000 in 1892. Opium imports suddenly became prominent in 1882, the value of imports attaining almost to the

TABLE 3

American Imports from Turkey by Decades 1862–1892 [1]

	1862 [2]	1872 [2]	1882	1892
Tobacco	$ 802	$ 23	$ 200	$ 13,832
Fruits and Nuts	62,469	199,413	419,354	431,737
Licorice Root	26	—	—	825,757
Rugs and Carpets	—	—	86,673	582,952
Ores	1,236	—	—	—
Sausage Casings	—	—	—	—
Furs, undressed	—	—	—	2,711
Mohair	1,762	—	—	—
Wool	392,616	311,928	140,021	1,270,646
Opium	6,554	724	327,385	868,799
Hides and Skins	6,541	3,777	54,742	266,803
Precious Stones	—	—	—	—
Gums	13,056	64	33,903	38,508
Vegetable Oils	—	7,738	6,726	—
Rags and Paper Waste	28,283	138,369	15,929	—
Laces	—	—	4,559	34,598
Chemicals, Drugs, Dyes	22,004	124,103	785,508	6,839
Oil, Volatile	—	—	30,922	144,763
Others	55,094	80,580	363,547	439,096
Total Dutiable	$523,930		$1,257,001	$2,497,636
Total Non-dutiable	66,513		1,012,468	2,429,405
Total	$590,443	$866,719	$2,269,469	$4,927,041

[1] *Commerce and Navigation, passim,* 1862, 1872, 1882, 1892, years ending June 30.

[2] Egypt included.

million-dollar mark in 1892. The sudden importance of licorice root in the import trade may be accounted for largely by the fact that it had been placed on the free list while licorice paste, which had previously been prepared by the low-wage labor of Turkey, was placed on the dutiable list of imports under the tariff of 1872. Although Constantinople has since become the leading market for oriental rugs, none was exported to America prior to 1882. The decade opening with 1892, however, shows rugs and carpets assuming their place as the fourth most important article purchased from Turkey. The development of trade in Turkish fruits and nuts, which have long been famous, shows a more even upward trend through the forty-year period.

A summary view of changes which occurred in American import trade from Turkey during the last forty years of the nineteenth century reveals licorice root and rugs as important import items for the first time, while fruits, nuts, wool, opium, hides and skins became gradually more important.

Nineteenth Century Trends in American Export Trade

A glance at table 4, which shows the nature of American exports to Turkey for the same period, shows a number of facts which challenge attention. First of all is the small number of important exports, secondly, the wide fluctuations in the value of exports of various commodities from decade to decade, and finally, the remarkable decline in the volume of export trade in 1892.

It is difficult to generalize on the basis of these statistics but it may be pointed out that the exportation of mineral oil attained considerable importance by 1882, after which it practically dropped from the list of export commodities. Probably the chief reason for the disappearance of American oil from Ottoman markets is to be found in the competition of Russian and Rumanian oil wells, the product of which could be sold much more cheaply. Distilled spirits, which in the very early days had been one of the important export items, declined considerably in volume, while the exportation of firearms and ammunition completely ceased after 1882.

The startling decline in the value of exports in 1892 may be attributed to the operation of the English shipping monopoly which practically closed the Turkish market to American exports until it was broken in 1899.

TABLE 4

AMERICAN EXPORTS TO TURKEY BY DECADES 1862–1892 [1]

Commodities	1862 [2]	1872 [2]	1882	1892
Breadstuffs	$ 77,268	—	$ 70	—
Cotton Manufactures	61,587	$ 8,748	8,393	$111,957
Mineral Oils	—	890,535	1,322,550	20,948
Leather Manufactures	—	—	—	4,464
Oleo Oil	—	—	—	—
Sugar, refined	—	—	380	—
Iron and Steel Manufactures	10,914	—	6,647	6,181
Agricultural Implements	—	—	—	2,555
Electrical Appliances and Machinery	—	—	—	1,604
Chemicals, Drugs, Dyes	—	373	86	698
Autos	—	—	—	—
Rubber Manufactures	—	—	—	495
Coal	—	—	—	—
Wool	—	—	—	—
Cottonseed Oil	—	—	—	900
Distilled Spirits	339,920	52,454	74,171	28,359
Firearms and Ammunition	—	169,688	278,330	—
Others	—	87,645	138,539	28,131
Total	$489,689 [3]	$1,209,443	$1,829,166	$206,292

[1] *Commerce and Navigation, passim,* 1862, 1872, 1882, 1892, years ending June 30.

[2] Egypt included.

[3] This total differs from that given in the Government report, which was $444,397.

Closer examination of the smaller items in the table discloses such manufactured products as cotton goods, leather manufactures, iron and steel products, electrical appliances and machinery, and manufactures of rubber, indicating a significant trend in the nature of American export trade. Although the outstanding development during the last forty years of the early period appears to be the decline in exports of mineral oil, distilled spirits, firearms and ammunition, the real significance of the statistics is to be found in the appearance of manufactured goods in the competitive markets of Turkey late in the nineteenth century.

Turkey's Trade with the World

From 1830 to 1900 the Ottoman Empire was a much more important world power than Americans of the present generation usually realize. An idea of the commercial importance of Turkey in its trade with the world at the beginning of the last quarter of the nineteenth century is given in statistical form in table 5. That table shows the imports and exports of Turkey in 1876 as compared with twenty other countries, and places Turkey among the ten leading nations of the world as regards

TABLE 5

Imports and Exports of Turkish Empire for 1876 as Compared with Other Countries[1]

	Imports	Exports	Total Trade	Balance
1. Great Britain	$1,823,302,000	$1,242,799,000	$3,066,101,000	$580,503,000
2. Germany	1,203,980,000	905,000,000	2,108,980,000	298,980,000
3. France	797,680,000	715,120,000	1,512,800,000	82,560,000
4. *United States*	420,350,000	594,918,000	1,015,268,000	174,568,000
5. Russia	363,000,000	332,000,000	695,000,000	31,000,000
6. Netherlands	291,370,000	217,712,000	509,082,000	73,658,000
7. Italy	256,154,000	234,851,000	491,005,000	21,303,000
8. Belgium	279,464,000	206,124,000	485,588,000	73,340,000
9. Austria Hungary	233,349,000	230,831,000	464,180,000	2,518,000
10. *Turkish Empire*	150,000,000	120,000,000	270,000,000	30,000,000
11. Sweden & Norway	145,000,000	108,000,000	253,000,000	37,000,000
12. China	101,891,000	121,276,000	223,167,000	19,385,000
13. Spain	110,000,000	90,000,000	200,000,000	20,000,000
14. Brazil	94,000,000	100,000,000	194,000,000	6,000,000
15. Denmark	62,562,000	46,381,000	108,943,000	16,181,000
16. Argentine	35,911,000	46,536,000	82,447,000	10,625,000
17. Chile	35,291,000	37,771,000	73,062,000	2,480,000
18. Portugal	37,228,000	25,821,000	63,049,000	11,407,000
19. Mexico (1873)	20,000,000	31,000,000	51,000,000	11,000,000
20. Japan	25,734,000	18,078,000	43,812,000	7,656,000
21. Greece	17,146,000	11,310,000	28,456,000	5,836,000

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[1] United States Department of Commerce and Labor, *Commercial Relations of the United States with Foreign Countries*, 1877, p. 49. Hereafter referred to as *Commercial Relations*.

the volume of foreign trade, the total value of which was $270,000,000. Nations such as Sweden and Norway, China, Spain, Brazil, Denmark, Argentine, Chile, Portugal, Mexico, Japan, and Greece are shown to have been surpassed by the Ottoman Empire in the importance of international trade.

For the same year the relative share of America in Turkey's total foreign trade is shown in the following table:

TABLE 6

TURKISH TRADE WITH PRINCIPAL COUNTRIES, 1876[1]

Countries	Imports	Exports
Great Britain	$31,000,000	$51,000,000
France	9,300,000	37,540,000
Italy	2,700,000	7,720,000
Belgium	1,000,000	4,250,000
United States	3,389,000	440,000
The Netherlands	500,000	1,010,000

[1] *Commercial Relations*, 1877, p. 48.

The United States ranked third in the value of merchandise bought in Turkey, being surpassed only by Great Britain and France. On the other hand, the volume of American exports to Turkey was less than any of the other five countries listed. It should be noted, however, that these figures do not present a complete picture of the situation, for only direct exports from Turkey to America are shown. If the indirect exports, which are reported to have totaled $1,100,675, are included then the United States ranks fifth in its export trade with Turkey. Moreover, on the basis of total Turkish-American trade, either including or excluding indirect export trade, the United States ranked fifth among the nations listed in the table.

In 1892 a similar comparison shows the remarkable extent to which the United States had been displaced by European nations in its trade with Turkey. In that year America ranked last among thirteen nations in the value of exports while it had fallen to tenth place in the value of its imports.[13] In a later chapter the struggle for trade in Turkey will be portrayed, showing some of the methods resorted to in the intense competition for the markets of the Ottoman Empire. The opinion of a prominent American resident in Constantinople during those years is indicative of a general feeling among Americans. Dr. George Washburn, the second president of Robert College, wrote: "In 1896 we could not send a gunboat to Constantinople to protect the lives of American citizens, because Russia and Germany did not wish it. Our trade with Turkey has been limited for years in the same way."[14] And so the close of the nineteenth century and the dawn of the twentieth witnessed the opening of a notable struggle among the industrial nations of the world for the commercial favor of the "Sick Man of Europe."

Summary and Conclusions

Turkish-American commerce began as early as 1785. Since there was no commercial treaty American merchants traded under the sanction of the English Levant Company until 1811. In that year through a special arrangement American commerce was placed on the same footing as that of France. That agreement continued until 1830 when a Turco-American treaty was concluded.

Although the first United States Consul was appointed in 1802, David Offley who was appointed in 1824 was the first recognized representative of the American Government in Turkey. The first Turkish Consul to the United States, on the other hand, was appointed in 1856.

One hundred years ago the chief imports from Turkey were opium, fruits, nuts, silver, unmanufactured wool, hides and skins, while the chief articles of export were cotton manufactures and rum.

A new Treaty of Commerce and Navigation was signed in 1862 after which the total volume of trade grew steadily. American exports to Turkey increased in volume until 1886 after which there was a precipitous decline. A summary view of developments in the import trade from 1860 to 1900 reveals licorice root and rugs as important items for the first time, while fruits, nuts, wool, opium, hides and skins gradually became more important. The real significance of the export statistics lies in the appearance of manufactured goods in the competitive markets of Turkey late in the nineteenth century.

In 1876 Turkey ranked among the ten leading nations of the world in foreign trade. In that year the United States was Turkey's third best customer but ranked sixth in its import trade. By 1892 America had dropped to tenth place as an importer of Turkish merchandise and had fallen to thirteenth place as an exporter to Turkey. In an effort to change that situation the United States entered a notable struggle in the last two years of the century for the commercial favor of the "Sick Man of Europe."

REFERENCES

1. Wright, Walter L., *op. cit.*
2. Quoted in *Levant Trade Review,* Vol. XI, April, 1923, p. 244.
3. In *House Document 250,* 22d Congress, 1st Session, the dispute between the English Levant Company and the American firm of Woodmas and Offley is described.
4. Paullin, *Diplomatic Negotiations of American Naval Officers,* especially Chapter V, in which the first American Treaty with Turkey is discussed.
5. Wright, *op. cit.*
6. Paullin, *op. cit.*
7. *Ibid.*
8. *Embassy Archives, Turkish Correspondence with the American Legation.*
9. *Ibid., Correspondence received from United States Consuls and Consular Agents,* 1832–1857.
10. *Ibid., Correspondence from Consus-General,* 1832–1887, *Letter* dated November 25, 1834, from Acting Consul John P. Brown to Commodore David Porter, *Chargé d'Affaires* of the United States near the Sublime Porte.
11. Malloy, William, *Treaties and Conventions of the United States, Senate Document,* No. 357, I, 1318–1821. The text of this treaty also is published in Noradounghian, Gabriel, *Recueil d'Actes International de l'Empire Ottomane,* Tome Troisième, p. 179 *et seq.* With the exception of one article it was identical with the Turco-British treaty of 1861 which replaced that of 1838.
12. A detailed discussion of this unique monopoly is presented in Chapter VII.
13. *New York Journal of Commerce, Commercial Year Book,* 1897, p. 68.
14. Washburn, George, *Fifty Years in Constantinople,* p. 259.

Additional references which afford interesting viewpoints on the period covered in this chapter include Josiah Brewer's *Turkey,* in which an early missionary expressed his views on the Smyrna trade.

Entirely different in its nature is *The Maritime History of Massachusetts from 1783 to 1860,* by Samuel Eliot Morison. Particularly interesting is Professor Morison's Chapter XVIII on *Mediterranean and Baltic Trade.* In

The New England Quarterly, Vol. II, No. 1, April, 1928, the same author describes the "Forcing of the Dardanelles in 1810."

An unpublished doctoral dissertation by Grace Lee Nute on *American Foreign Commerce from 1825 to 1850* in the library of Radcliffe College contains an account of early trade with Smyrna.

An English viewpoint is presented by David Urquhart in his *Turkey and Its Resources,* written in 1833. His discussion of the position of England in competing with other nations for Turkish trade is enlightening.

Finally, *Senate Document No. 200,* 25th Congress, 3d Session, contains a voluminous correspondence relating to the Commerce and Navigation of the Turkish Dominions.

IV

Commercial Relations in the Twentieth Century

Dollar Diplomacy in Turkey

THE dawn of the twentieth century marked the opening of an entirely new era in the commercial relations of the United States and Turkey. Under the leadership of Presidents McKinley, Roosevelt, and Taft a policy of commercial diplomacy led to an enthusiasm for increasing American exports which penetrated to remote parts of the world.

The new policy began in Turkey with the determined efforts of Consul General Dickinson to break the English shipping monopoly by opening a direct steamship service between New York and Constantinople. Such a line was inaugurated late in 1899, and while it was unsuccessful it did lead to the establishment of transshipment service by German and Italian lines which eventually broke the monopoly and thus opened the way for the cheaper transportation of American exports to Turkey.

In 1899, under instructions from President McKinley, Minister Straus opened discussions relative to raising the mission to an embassy in accordance with the Act of March 3, 1893. Prior to that Act the United States had had no ambassadors, on the theory that they were personal representatives of a monarch. Although Sultan Abdul Hamid was at first cool to the proposal, arrangements were concluded in 1906 and the United States Government appointed John G. A. Leishman as the first American Ambassador to the Sublime Porte on June 18, 1906.[1]

Following an encouraging increase in the annual value of American export trade with Turkey, the Young Turk Revolution, which occurred in July, 1908, was enthusiastically hailed by Americans as the forerunner of a great Turco-American commercial development. A cablegram from the United States Government expressed the sympathetic interest with which President Roosevelt had " observed the confirmation of representative government in Turkish dominions " and his cordial hope that that important step would aid in enhancing the permanent peace and prosperity of the great Ottoman nation.[2]

A year later when Oscar Straus assumed the Constantinople post for the third time Theodore Roosevelt wrote him from Africa. " I am delighted that you have accepted the Turkish Embassy," said the former president. " The situation was wholly changed by the revolution and at this moment I think that Constantinople is the most important and most interesting diplomatic post in the world." [3]

The probable commercial effects of the revolution on Turkish-American relations were summarized by Ambassador Leishman in an enthusiastic dispatch to the Department of State in which he expressed the opinion that

> the establishment of constitutional government in Turkey is not without particular and material interest to us, as it practically removes the fundamental causes of most of our troubles with Turkey . . . and enhances the opportunity of extending our commerce many fold, as the development of the country, which was retarded and almost strangled by the methods of the old régime, will be encouraged to the greatest extent possible by the new Government, which is sure to result in a great wave of prosperity. . . .[4]

The same tone is found in President Taft's message to Congress in 1911. In referring to American relations with Turkey the Chief Executive remarked that

> in spite of the attendant economic uncertainties and detriments to commerce, the United States has gained markedly in its commercial standing with certain of the nations of the Near East. Turkey, especially, is beginning to come into close relations with the United States through the new interest of American manufacturers and exporters in the possibilities of those regions, and it is hoped that foundations are being laid for a large and mutually beneficial exchange of commodities between the two countries.[5]

The rising wave of enthusiasm led to the organization in 1911 of an American Chamber of Commerce for the Levant. The head office was located in Constantinople and the chief activities of the new organization centered around the development of commerce with Turkey. The expressed aim of the Chamber was to aid American exporters and importers in every possible way.

Beginning in 1908 and continuing through 1911 the original negotiations for the granting of an extensive railway concession to an American group headed by Admiral C. M. Chester were instituted. American business interests, encouraged by the display of interest on the part of compatriot capitalists, anticipated the beginning of an important American capital investment in Turkey with a consequent increase in exports.

All of these activities were regarded with favor by the United States Government and encouraged by a definite governmental policy of commercial expansion in Turkey. That policy led to a keen rivalry with Germany, England, and France, whose spheres of political and economic influence in the Ottoman Empire had been definitely established among themselves. At the peak of American expansionist activities in 1911 a series of wars began which completely upset not only American but English, French, and German plans for the economic penetration of Turkey. The commercial interests of those nations bided their time until the wars were over when, owing to fortuitous circumstances, American exporters fell into the lead in trade with Turkey. The situation was purely temporary, however, for the grandiose plans of prewar days were completely and definitely annulled by the downfall of the Sultanate and the establishment of a Republican Government in Turkey definitely committed to a policy of " Turkey for the Turks."

A Survey of Twentieth-Century Commerce

In examining the statistical evidence of American commerce with Turkey since 1900 it is essential that proper recognition be accorded to all the disturbing and conflicting factors which characterized that period. A statistical picture of Turkish-American trade is set forth in table 7. Directing attention first to the export figures, it is seen that their annual value increased steadily during the first fourteen years, expanding from $567,000 to nearly $4,000,000. As one would expect, there was a sharp drop in the volume of exports in 1915 following Turkey's entrance into the War in October of the previous year. The figures indicate that the War continued to restrict commerce until 1919 when there was a tremendous expansion, the value of exports jumping from $300,000 to $25,000,000. In 1920 the value of the trade increased still further, reaching the unheard of figure of $42,000,000 which, even though reduced to a 1926 basis, represented the greatest year in the history of American export trade with Turkey. The years 1919 and 1920 were characterized by a tremendous boom and it was assumed by many Americans that the United States would retain its place as the

TABLE 7

ANNUAL VALUE, IN DOLLARS, OF AMERICAN EXPORTS TO AND IMPORTS FROM TURKEY, 1900 TO 1930[1]

	Exports to Turkey	Imports from Turkey	Total Trade	Total Trade[2] 1926 Price Levels	Balance[3]
1900	$ 567,012	$ 7,754,237	$ 8,321,249	$14,832,886	$ 7,187,225
1901	587,120	7,284,636	7,871,756	14,234,640	6,697,516
1902	774,552	8,895,740	9,670,292	16,418,153	8,121,188
1903	773,107	10,570,006	11,343,113	19,032,069	9,796,899
1904	1,110,336	9,587,126	10,697,462	17,918,697	8,476,790
1905	888,260	11,195,128	12,083,388	20,105,471	10,306,868
1906	1,520,027	12,994,267	14,514,294	23,485,913	11,474,240
1907	1,742,728	14,606,188	16,348,916	25,075,025	12,863,460
1908	1,969,860	10,759,570	12,729,430	20,237,568	8,789,710
1909	2,511,482	12,429,128	14,940,610	22,101,494	9,917,646
1910	2,340,160	16,353,901	18,694,061	26,554,064	14,013,741
1911	3,940,053	17,690,812	21,630,865	33,329,530	13,750,759
1912	3,798,168	19,208,926	23,007,094	33,295,360	15,410,758
1913	3,313,821	22,159,285	25,473,106	36,494,421	18,845,464
1914	3,328,519	20,843,077	24,171,596	35,494,267	17,514,558
1915	994,120	12,228,707	13,222,827	19,025,650	11,234,587
1916	42,169	864,485	906,654	1,060,414	822,316
1917	167,515	335,590	503,105	1,048,718	168,075
1918	305,557	222,039	527,596	401,825	83,518[4]
1919	25,231,722	37,003,002	62,234,724	44,902,398	11,771,280
1920	42,247,798	39,766,936	82,014,734	53,118,351	2,480,862[4]
1921	23,947,110	13,246,638	37,193,748	38,108,348	10,700,472[4]
1922	15,980,548	21,682,492	37,663,040	38,948,335	5,701,944
1923	3,464,034	12,888,639	16,352,673	16,255,142	9,424,605
1924	3,314,951	14,615,544	17,930,495	18,277,773	11,300,593
1925	3,351,286	14,648,177	17,999,463	17,390,786	11,296,891
1926	2,917,577	16,832,224	19,749,801	19,749,801	13,914,647
1927	3,941,084	20,069,551	24,010,635	25,168,381	16,128,467
1928	4,110,846	18,387,774	22,498,620	23,028,270	14,276,928
1929	5,741,657	12,165,664	17,907,321	18,731,507	6,424,007

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[1] *Commerce and Navigation*, 1900 to 1930 *passim*. Fiscal year up to 1917; calendar year thereafter.

[2] Based on UNITED STATES BUREAU OF LABOR STATISTICS Index number.

[3] Turkish export balance unless otherwise noted.

[4] American import balance.

chief purveyor to Turkey. Yet the situation was obviously abnormal. The chief contributing factor was Turkey's extreme impoverishment. After eight years of continuous warfare and destruction, coupled with an Ottoman policy designed to remove the Armenian population, the people of Turkey were in desperate need. A second factor was the American philanthropic attempt to meet that need. Millions of dollars worth of necessities were poured into the Near East in general and Turkey in particular. A third factor was the temporary inability of European nations to meet the Turkish need for consumption goods. As a result the people of Turkey were for the time being completely dependent on America for the goods they needed. American ships which had been built for war use were diverted to commerce and a fleet was established to maintain direct service between New York and Near Eastern ports, which carried thousands of tons of American merchandise directly to Turkey. The figures therefore were not even at that time at all indicative of a normal gain but were the result of an unusual duty to a desperate population to which the United States readily responded.

The inevitable decline began in 1921 but the real return to "normalcy" was postponed until 1923. On a 1926 basis the value of exports dropped from $27,362,564 in 1920 to $24,535,973 in 1921, a fall of 10 per cent. By 1923 the 1926 value of exports was $3,443,374 indicating a real decline of 87 per cent.

As in the case of the boom period, the factors which brought about the decline in the volume of exports are not difficult to detect. By 1923 the various European nations which had formerly enjoyed a leading share in the commerce with Turkey had sufficiently recovered to re-enter the Near East as competitors. As the number of exporters willing and able to supply the needs of Turkey increased, the country was once more plunged into war. A third and distinctly American factor was the complete and final bursting of the Chester Concession bubble. That development resulted in a rather general loss of interest on the part of American exporters, who turned their attention from Turkey to other more promising fields. As the success of the Nationalist Revolution became assured the new government adopted an economic policy of protectionism which played a part in the decline of importations from America.

The four big years for American exporters have passed and the United States has gradually assumed its former position in its commerce with Turkey, the value of exports for 1927 and 1928 being comparable to the value of the trade in the immediate prewar years while the figure for 1929 is even greater.

A survey of the import trade yields entirely different results. Except for the three major war years the annual imports from Turkey were worth several millions of dollars and far in excess of the value of exports. Eliminating the years 1915 to 1919 it is seen that there was a steady increase up to 1921, followed by a decline which continued for six years, ending in a revival in 1927 and 1928. Reducing the figures to a 1926 price level it develops that the imports attained their greatest volume in 1913.

Special attention is drawn to the fact that in the import trade with Turkey there were no extreme postwar declines as in the case of the export trade. The chief explanation for that condition is to be found in the nature of the products imported from Turkey. The types of merchandise imported are such that the ordinary vicissitudes of trade do not seriously affect the demand for them. An additional factor was the greater regularity in westward shipping facilities.

Imports of merchandise so completely dominated Turco-American commerce that fluctuations in the export trade are neutralized and the total trade figures follow the same general trend as that of the import trade. As a result the statistics in the third column of the table show a practically steady increase in the total volume of trade up to 1915 with the peak being attained in 1913. The 1920 boom resulted in the highest figures ever recorded for trade between the two countries and placed the United States first among all the nations in its trade with Turkey. In the same manner the decline which began in 1921 is tempered so that in spite of the sharp drop in exports the total trade figures since 1923 are greater than for any year prior to 1910.

An amazing feature of the trade with Turkey which the statistics disclose is the fact that in 1927 and 1928 American commerce with the delimited, depopulated, and impoverished Republic of Turkey was practically as great as it ever was in the days of the extensive Ottoman Empire, omitting the abnormal postwar period.

The last column in the table shows that the United States continued to have a large import balance in its trade with Turkey with the exception of the three years 1918, 1920, and 1921. There were, however, certain invisible items of American exportation to Turkey which tend to reduce the balances shown.

Approximately 367,000 people have emigrated from Turkey to the United States, the annual volume of that migratory movement reaching its peak in prewar years. Each year the new residents in America remitted large sums of money to dependents and relatives in Turkey. It is estimated that the amount of those remittances for 1929 reached $1,000,000. Before the exchange of populations took place the figure must have been considerably larger, for 95 per cent of the emigrants from Turkey were nonMoslems whose dependents and relatives have almost entirely left Turkey since that time.

For many years American expenditures in Turkey for missionary and philanthropic purposes have contributed largely to the invisible trade. In 1929 the expenditures of such organizations also amounted to $1,000,000. As in the case of emigrants' remittances, the amounts expended by these organizations in former years, particularly during the immediate postwar period, were much larger.

The annual expenditures of American firms doing business in Turkey constitute a considerable item in the invisible trade amounting to $2,700,000 in 1929. Chief among those firms in the past have been companies engaged in buying tobacco and licorice root. With the addition of the Ford Motor Company's assembly plant the figure for this item should increase in the future.

In 1929 American tourists visiting Turkey spent approximately $750,000. This item also should increase in the future, especially if Turkish authorities remove some of the difficulties which now discourage tourists and adopt a policy designed to attract an increasing number of visitors.

The expenditures of American business men travelling in Turkey, of Government officials in excess of their official incomes, and of the United States Government amounted to $463,000 in 1929.

Although the total of these invisible items is $5,163,000 it is scarcely more than one-third of the 1928 import balance. Even though it is assumed that the invisible items have been larger in past years it must be concluded that for twenty-three years the real import balance in the trade with Turkey has been of considerable significance.[6]

The Nature of Twentieth-Century Commerce

While the figures which have just been examined at considerable length present a survey of twentieth-century commerce it is necessary to consider the nature of the trade in order to determine its importance to both countries and to estimate probable future developments. A table setting forth the nature of American imports from Turkey during recent years appears on the following page. In addition to the decade years 1902, 1912, and 1922, the boom year of 1920 is included and the figures for 1928. Those five years are sufficiently typical of the twentieth-century import trade to show the changes which have occurred.

Certainly the outstanding fact is the importance assumed by importations of tobacco. Scarcely figuring in the import trade prior to 1900, tobacco became the second most important article of import in 1902 and the first in importance thereafter. Importations of Turkish fruits and nuts have figured in the import trade since 1785 and with two exceptions have been second in order of importance, since 1900. Prior to 1912 rugs and carpets were the chief item of import, but in that year they dropped to third place in order of importance and permanently continued in that rank. The sudden advance of furs and mohair to third and fourth place in 1928 is a most striking change. Except for 1920 and 1922 the importations of hides and skins have been fairly regular, while American purchases of wool have varied according to the exigencies of the United States tariff. The trade in drugs, dyes, and chemicals reflects the increased use of substitutes and the more widespread restrictions on the commerce of certain commodities included in that category, such as opium. The annual purchases of sausage casings have increased in response to a modern American need while licorice root has remained quite consistent, the 1928 drop not being indicative of a permanent condition. Importations of mineral ores show a decided falling off in 1928, but again the situation is regarded as temporary rather than permanent.

TABLE 8

American Imports from Turkey by Decades 1902–1928[1]
Arranged According to Order of Importance in 1928

	1902	1912	1920	1922	1928
Tobacco	$1,176,723	$ 8,596,619	$19,616,147	$12,380,439	$ 7,664,564
Fruits and Nuts	755,402	1,374,734	5,970,747	2,149,610	2,697,034
Rugs and Carpets	2,454,114	1,746,664	2,061,649	1,624,347	2,454,873
Furs, undressed	—	5,699	1,690,275	492,521	1,053,889
Mohair	—	—	544,292	514,552	985,167
Hides and Skins	912,114	963,239	2,051,183	94,224	845,421
Wool, unmanufactured	733,071	1,756,902	1,537,686	526,877	754,191
Drugs, Dyes and Chemicals	666,294	1,658,185	1,822,846	194,153	629,480
Sausage Casings	89,328	45,446	220,662	837,768	512,985
Licorice Root	987,287	630,562	955,417	854,756	413,280
Ores	476,798	311,657	524,439	480,212	55,986
Others	644,209	2,119,219	2,771,593	1,533,033	320,904
Total dutiable	$5,969,465	$16,281,731			$15,270,868
Total non-dutiable	2,926,275	2,927,195			3,116,906
Total	$8,895,740	$19,208,926	$39,766,936	$21,682,492	$18,387,774

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[1] *Commerce and Navigation, passim*, 1902, 1912, 1920, 1922, 1928. Fiscal year ending June 30 up to and including 1912; calendar year thereafter.

The list of commodities imported from Turkey well illustrates the primitive basis of the export trade of that country. American importations of agricultural products amounted to 58 per cent of the total in 1928. Owing to the continued predominance of tobacco, fruits, nuts, rugs, and carpets the importations of which amounted to 70 per cent of the total import trade in 1928, there has been no great change in the nature of the commodities imported from Turkey since 1900.

Continuing the more detailed examination of Turkish-American trade, attention is directed to table 9. The most striking fact disclosed by the statistics is the increased importance of manufactured products in American exports to Turkey. In 1928 the value of that class of exports amounted to 70 per cent

TABLE 9

AMERICAN EXPORTS TO TURKEY BY DECADES 1902–1928[1]
Arranged According to Order of Importance in 1928

	1902	1912	1920	1922	1928
Automobiles and parts........	$ —	$ 15,530	$ 1,294,371	$ 104,967	$1,270,306
Leather and Leather Manufactures......	48,304	149,068	2,710,780	380,210	660,923
Grain and Grain Products......	7,315	1,150	8,164,061	6,415,618	474,712
Agricultural Implements......	80,697	146,033	423,324	48,463	298,160
Manufactures of Iron, Steel, Copper, Brass, Bronze........	118,893	173,557	1,809,547	107,052	259,337
Industrial Machinery and Electrical Appliances.......	31,484	145,584	129,259	74,315	187,860
Rubber Manufactures.......	16,137	191,266	1,138,958	81,283	149,535
Mineral Oils.....	18,733	598,644	2,740,642	504,869	92,878
Cotton and Wool Manufactures..	217,480	489,558	7,664,837	2,089,595	91,032
Chemicals, Drugs, Dyes...	2,372	5,284	428,818	133,529	49,782
Sugar, refined....	—	402	2,449,526	2,904,206	55
Oleo Oil.........	71,536	618,956	2,069,185	1,000,815	—
Coal............	—	—	1,541,674	—	—
Cottonseed Oil...	—	803,049	1,469,595	11,848	—
Distilled Spirits..	45,810	37,722	925,223	222,624	—
Others..........	115,466	410,986	7,287,998	1,901,154	750,895
Total...........	$774,227	$3,786,789	$42,247,798	$15,980,548	$4,110,846

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[1] *Commerce and Navigation, passim,* 1902, 1912, 1922, 1928; *Trade of the United States with the World, Miscellaneous Series No. 115,* 1920, *passim.* Fiscal year ending June 30 up to and including 1912; calendar year thereafter.

of the value of all the exports. For reasons already cited it is difficult to generalize concerning the trend of specific commodities, for in most cases there was no trend. The increased sales of automobiles in Turkey is in line with American dominance in that industry. The exportations of leather fluctuated widely, and although the figure for 1928 is somewhat larger the Turkish policy of encouraging that industry will eventually lead to a decrease of leather imports.

Exportations of grain and grain products consisting chiefly of wheat and flour also fluctuated considerably, assuming great importance during the years when the people of Turkey were being fed almost entirely by outside help. Although an agricultural nation, Turkey has not yet reached the point of assuring itself a sufficient supply of wheat, but when its wheat production increases, as it will, importations from abroad will cease. The United States is one of the chief suppliers of agricultural machinery and is increasing as a source of supply for other types of machinery.

The most striking changes in recent years are shown in the items at the foot of the table. Commodities such as refined sugar, oleo oil, coal and cottonseed oil, the value of whose importations ran into the millions in former years, have disappeared entirely from the 1928 statistics. Explanations for these changes will be advanced in Chapter VI.

There have been wider and more violent fluctuations in the export trade than in the import trade. The trend in export commerce points to the United States as a leader in the automotive industry and as a competitor of European nations in selling machinery and manufactured goods.

Relative Importance of Commerce to Each Nation

So far in the analysis, attention has been centered only on the absolute figures of Turkish-American trade. What is the relative importance of the commerce to each nation? Statistics on which to determine its importance to the United States are more easily obtainable than in the case of Turkey. They show that the relative share of Turkey in total American import trade was 1 per cent in 1902, increasing to 1.2 per cent in 1912, dropping to .08 per cent in 1923 and amounting to .4 per cent in 1928. An average based on the years 1902, 1912 and 1922 to

1928 inclusive shows that .5 per cent of American imports came from Turkey.

The export percentages of course are still smaller. In 1902 .05 per cent of all American exports went to Turkey. By 1912 the figure was .17 per cent, in 1923 .34 per cent and .08 per cent in 1928. An average, calculated as for imports, shows that only .15 per cent of American exports found their way into Turkish markets.

Figures alone cannot be used in judging the importance of trade with a particular country, however, when the merchandise involved meets a special need and cannot be obtained elsewhere. In Chapter V the evidence shows that the nature of imports from Turkey is such as to assign the trade with that country to a more important place than that accorded by the statistics.

Reliable statistics of total Turkish trade are not available for all the years used in calculating the importance of Turkish-American commerce to the United States. Consequently a strict comparison cannot be presented. The total foreign trade of Turkey in 1913 amounted to $273,882,000, of which $179,563,000 represented imports and $94,319,000 exports.[7] Comparing these figures with total Turkish-American trade for that year it develops that slightly less than 2 per cent of all Turkish imports came from the United States, while more than 23 per cent of the exports from Turkey were sent to America. In 1922 7.8 per cent of total Turkish imports originated in the United States while only 17.9 per cent of Turkey's exports were destined for the American market. The statistical service of the new Turkish Government is quite reliable, and percentages based on Turkish foreign trade figures for 1928 indicate that 20.8 per cent of Turkey's exports were purchased by American buyers, while 3.6 per cent of the country's imports came from the United States. An average based on 1913 and the years 1922 to 1928 inclusive indicates that while 20.0 per cent of Turkey's exports entered United States markets only 3.6 per cent were received from that source.

As a market for its products the United States is an important customer of Turkey's and the real balance of trade in favor of that country is an asset to a nation whose total trade shows a large import balance.

An interesting statement of America's share in Turkey's foreign trade as compared with six other countries is presented in table 10. While the statistics show that Italy is the largest market for Turkish products the United States is second as a buyer of Turkish goods. Actually the United States probably leads Italy if account were taken of the indirect trade, for a large amount of tobacco destined for the United States passes through Trieste and swells the Italian figure. Some notable

TABLE 10

VALUE OF TURKISH FOREIGN TRADE WITH LEADING COUNTRIES, 1923–1928, IN MILLIONS OF TURKISH LIRAS[1]

Arranged in Order of their Importance in 1928

Country	Turkish Exports to					
	1928	1927	1926	1925	1924	1923
Italy	31.6	37.0	51.7	50.4	34.8	15.2
United States	27.6	24.6	23.7	25.1	16.3	6.7
Germany	22.0	14.7	23.6	27.6	20.5	7.6
France	18.4	16.9	22.6	24.1	18.7	10.5
England	17.5	16.8	21.3	17.4	23.2	15.1
Greece	11.5	9.9	8.4	9.4	8.3	2.8
Czechoslovakia[2]	7.2	—	—	—	—	—
Syria	6.5	7.8	7.7	11.6	9.2	6.0
Russia	6.4	6.2	5.2	4.9	2.0	1.7
	Turkish Imports from					
Germany	31.6	30.0	32.3	27.5	19.1	9.2
France	29.0	29.2	32.1	26.1	18.3	13.2
England	27.5	28.2	33.0	37.8	34.2	25.0
Italy	26.4	26.1	37.1	43.5	40.9	28.3
Czechoslovakia	13.6	13.7	16.5	10.2	6.1	1.8
Belgium	13.0	12.2	13.5	11.9	8.7	7.4
Russia[3]	12.7	—	—	—	—	—
United States	10.2	8.2	8.2	19.6	11.3	11.5

[1] Based on figures obtained from MR. JULIAN GILLESPIE, American Trade Commissioner at Constantinople, for the years 1923–1928. For 1928 the figures are taken from *Statistique Annuelle du Commerce Exterieur de la Turquie*, Année 1928, *passim.*

[2] In 1928 Czechoslovakia displaced Syria and Russia as the seventh most important market.

[3] Increasing exports of oil and colonial goods suddenly placed Russia in seventh place ahead of the United States.

changes have occurred in the relative position of various countries since 1923, not the least of which is the American advance from fifth to second place in importance.

On the other hand, although the absolute figures for American exports in 1927 and 1928 were larger than in the immediately preceding years, the United States has fallen from fourth place in 1923 to fifth place in 1924 and 1925 and finally to seventh place as an exporter to Turkey.

The days of warfare, capitulations, and economic penetration have passed and a new economic order exists in Turkey. In that new order the United States has assumed a permanent place among the leading nations of the world in its commerce with the Republic of Turkey.

Summary and Conclusions

The dawn of the twentieth century witnessed the inauguration of a policy of dollar diplomacy in Turkey. Constantinople was regarded as the most important diplomatic post in the world and the legation was raised to an embassy in 1906. The revolution of 1908 was regarded as the forerunner of a great American commercial expansion in Turkey. Hopes were partially realized during the first fourteen years of the century but further development was stopped by the War.

In the postwar period there was a remarkable boom in Turkish-American trade, the value of the commerce in 1920 exceeding all previous records. But the situation was abnormal and was followed by a sharp decline beginning in 1923. Figures for 1927 and 1928, however, may be regarded as normal. It is noteworthy that the trade with modern Turkey in the latter two years was practically as great as it ever was in the days of the extensive Ottoman Empire.

With the exception of three years the United States continued to have a large import balance in its trade with Turkey.

There were no important changes compared to the nineteenth century in the nature of American imports from Turkey. Tobacco, fruits, nuts, and rugs continued as the most important items and constituted 70 per cent of the total imports. The nature of American exports, however, changed greatly, the trend pointing to the United States as a leader in automotive exports and as a growing competitor of European nations in selling machinery and manufactured goods.

Figures showing the relative importance of the trade to each country indicate that on the average only .5 per cent of American imports came from Turkey while only .15 per cent of United States exports found their way into Turkish markets. Similar figures for Turkey show that 20 per cent of Turkey's exports entered American markets but only 3.6 per cent of Turkey's imports originated in the United States.

In the postwar readjustments which have taken place America has assumed second place as a buyer of Turkish goods compared with other countries. While it ranks only seventh as an exporter to the Republic the probabilities are that the volume of that trade will increase. The evidence indicates that the United States has assumed a permanent place among the leading nations of the world in its commerce with modern Turkey.

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7. *United States Statistical Abstract,* 1923, p. 853.

V

What America Buys from Turkey and Why

The Basis of Turkish Export Trade

TURKEY is primarily an agricultural country and its future economic prosperity lies in the soil. In the past the fact that agriculture formed the basis of its economic life was the source of its greatest strength, enabling it to survive in spite of an inefficient government and many years of continuous warfare. Of the 13,648,270 people in Turkey 67.7 per cent are directly connected with the soil while in some places the farming population constitutes as much as 81 per cent of the total. The average agricultural family consists of five persons who cultivate 5.5 acres of land. The maximum land area cultivated by a family is 24.5 acres in the rich Cilician plain where cotton is the chief product, while the minimum area cultivated is .9 of an acre on the coast of the Black Sea.[1]

Although primarily an agricultural country agriculture is in a state of remarkable underdevelopment. Of its 294,416 square miles of territory only 4.86 per cent was under cultivation in 1927.[2] Of the area under cultivation 89.5 per cent was devoted to the production of cereals, 6.6 per cent to the production of what is termed in Turkey industrial plants, such as tobacco and cotton, while the remaining area, consisting of 3.9 per cent of the total, was used for the raising of vegetables. From the standpoint of export trade the industrial plants are the most important, and on the basis of land devoted to their cultivation cotton and tobacco are the two leading products.[3]

It is evident that although Turkey is primarily an agricultural country the volume of its production does not even approach its potential figure. It was estimated in 1922 that only about one-twelfth of the potential agricultural production of the country was obtained.[4] Hence it is that the future welfare of the country lies in increased agricultural production, and the new economic program of the present Government is designed to achieve that objective.

There is practically no industry in Turkey in the usual sense of that word. There has not yet been an Industrial Revolution nor is there any immediate prospect of a sweeping fundamental change in the productive processes in use in the country. The sky lines of the cities of Turkey are decorated with graceful minarets rather than with ugly smokestacks and there is no need for anti-smoke laws.

One reason Turkey is so backward in manufacturing industries is because the European Concert of Powers which so long controlled the customs duties of that country refused to permit the imposition of rates high enough to encourage the building up of factories in Turkey. The 11 per cent *ad valorem* rate which prevailed so many years was a tariff for revenue only. To have permitted the imposition of such a tariff as that levied by the new Government in 1929 would long ago have deprived the European Powers of an important market for their wares. Yet it is readily admitted that a variety of domestic difficulties also accounted for Turkey's industrial underdevelopment.

Such industry as does exist is in an intermediate stage between domestic handicraft and the modern factory system. Table 11 shows that in 1927 there were only 65,245 industrial establishments, counting all types of little shops, employing a total of 256,855 workers. Even in industry the predominance of the agricultural influence is found. Of the ten classes of industries the largest group, comprising nearly 44 per cent of the total, is engaged in the manipulation of agricultural products. The four leading classes in the order of their importance are agricultural products, metals, textiles, and wood. These four groups account for practically 93 per cent of all the industries of Turkey.

The nature of Turkish industry is further clarified by the observation that of the 65,245 establishments, 80 per cent employ no more than three persons, while less than three-tenths of 1 per cent employ as many as one hundred persons. To quote the census conclusion, "It is seen that industry in Turkey is very limited and that outside of the four industrial classes already mentioned the development of industries is very small." [5]

Since there is no industry to speak of in Turkey and the country is primarily agricultural its export trade consists chiefly of agricultural products. Table 12 shows the total exports from Turkey since the establishment of the Republic arranged in the

TABLE 11[1]

Industries in Turkey in 1927

Type of Industries	Number of Establishments	Per cent	Personnel Employed	Per cent
1. Extractives	556	0.85	18,932	7.37
2. Agricultural	28,439	43.59	110,480	43.01
3. Textiles	9,353	14.34	48,025	18.70
4. Wood	7,896	12.10	24,264	9.45
5. Paper and Paper Products	348	0.53	2,792	1.09
6. Metals	14,752	22.61	33,866	13.18
7. Construction	2,877	4.41	12,345	4.81
8. Chemical	697	1.07	3,107	1.21
9. Multiples	16	0.02	455	0.18
10. *a.* Electrical	90	0.14	1,350	0.52
b. Other Industries	221	0.34	1,239	0.48
Total	65,245	100.—	256,855	100.—

[1] République Turque, *Office Central de Statistique, Compte-Rendu du Recensement Industriel de 1927.* Ankara 1928, p. II.

order of their importance in 1928. The striking fact which the figures disclose is that 95 per cent of the exports in 1928 consisted of agricultural and animal products. A glance at the table indicates that the two items, tobacco and fruits, comprised over 50 per cent of the total exports.

A similar analysis of Turkey's import trade for 1928 reveals the fact that 83 per cent of the total imports, which amounted to £T223,531,775, consisted of manufactured goods.[6]

The foregoing analysis shows that Turkey's foreign trade is based on differences in stages of economic development between Turkey and the countries with whom she trades. The export trade of Turkey is based almost entirely on geographical influences affecting the nature of Turkish agricultural production. It has been said that Turkey excels in producing raw materials, chiefly agricultural and mineral, which are not indigenous to other countries,[7] and a survey of Turkish geography clearly portrays the importance of geographical factors in the export trade of that country.

The unique location of Asiatic Turkey, lying like a huge land bridge between Europe and Asia, has long attracted the attention of writers. The heart of modern Turkey is a rectangular plane inclined towards the Black Sea. It is approximately 700 miles long and 400 miles wide consisting of 294,416 square miles lying between latitudes 36° and 42° and longitudes 26° and 45°. The major part of the peninsula is a mountainous plateau whose average height is 2,500 feet. The altitude of what Professor Hogarth describes as a " rolling steppe " varies from 2,000 feet in the west to 4,000 feet in the east. The same writer has compared Anatolia to the shape of a hand, the back of which represents the central plateau and the fingers pointing to the west as comparable to the mountain ranges which slope gradually to the western seacoast, carving out the fertile valleys which characterize Western Anatolia.[8] The plateau is bordered on the north, west, and south by mountain ranges, on the outer slope of which is a fringe of fertile coastland. On the southern coast the mountains rise abruptly from the sea so that there is no extensive coastland, yet the contour of the ranges results in the fertile Cilician plain. On the northern coast there is a fringe of land some sixty miles in width between the mountain range and the sea. The slope of the mountains on the western coast is most gradual, creating a fertile fringe of coastland and valleys which reaches as far as one hundred miles into the interior. That region comprises the economic zone of Smyrna which is the richest area in Anatolia.

Turkey has approximately 2,000 miles of coastline, with good harbors at Constantinople and Smyrna. The harbors at other ports such as Mersin and Samsun can be developed by dredging and construction of breakwaters. The shallowness of the harbors is due in large part to the nature of the rivers which are not well adapted to the needs of the country. The streams are shallow and for the most part rapid. The city of Tarsus was formerly a seaport but today is twelve miles inland at the head of a delta which the historic Cydnus river has built. In the same way the modern harbor of Mersin is gradually growing more shallow. Owing to the inclination of the plateau to the northwest, over half the rivers flow into the Black Sea and the Sea of Marmara. They follow a tortuous course and yet are short compared to the rivers of other countries. The Kizil Irmak, one of the largest of Anatolian rivers, is about 550 miles in length but if it were straight it would be no more than 125

TABLE 12

EXPORT TRADE OF TURKISH REPUBLIC, 1923–1928
Arranged According to Importance in 1928
Total Exports

	1928[1]	1927[1]	1926[1]	1925[4]	1924[4]	1923[5]
Tobacco	£T54,197,143	44,007,177	67,491,881	£T60,431,690	46,581,432	20,482,517
Fruits and vegetables	34,321,343	25,571,396	33,760,607	37,672,057	39,477,850	20,833,387
Wool and woolen goods	18,500,063	17,082,021	16,074,572	11,658,835	13,170,269	8,214,553
Dyes, chemical products, drugs, perfumes and resins	10,613,225	9,823,855	11,685,813	11,812,396	9,299,069	7,155,745
Cotton and cotton goods	10,320,475	10,675,441	12,102,690	15,586,667	11,947,999	6,701,193
Animal food products and fish	7,601,853	7,137,433	6,643,719	8,173,364	6,372,578	2,441,726
Skins and scraps	6,237,613	3,185,160	3,679,816	4,563,199	2,856,963	1,506,584
Grains and grain products	6,147,023	9,016,200	6,194,810	5,180,316	5,425,467	1,632,458
Seeds, plants and hay	4,709,310	2,788,072	2,218,224	4,015,885	2,420,106	581,126
Metals	3,738,871	4,743,504	4,915,954	3,753,830	4,319,269	2,179,532
Leather, sole leather and furs	3,503,683	3,237,242	2,270,164	3,073,397	1,789,007	1,202,931
Lumber, logs, wood products, brushes and baskets	3,189,564	2,637,296	4,426,225	4,072,183	2,087,514	1,051,189
Silk, silk thread and goods	2,294,349	1,641,400	2,818,452	2,501,583	1,685,605	2,055,392
Live stock	2,707,476	4,337,486	3,835,290	5,176,186	4,689,371	2,500,821
Fuel	1,650,450	1,555,543	3,602,145	2,390,686	2,418,433	1,590,353
Vegetable oils	1,473,485	7,717,868	709,578	6,937,324	600,007	1,626,527
Articles not mentioned in tariff	890,786	1,629,377	2,006,605	2,467,617	1,250,351	929,301
Paper and paper products	296,765	314,893	381,872	587,348	807,265	679,248
Machinery and machine tools	229,978	152,773	143,400	291,042	118,758	130,863

TABLE 12—*Continued*

Glass, glassware and porcelain	210,155	311,583	418,741	636,160	586,524	268,799
Flax, hemp and other vegetable products used in spinning	167,491	109,833	295,756	290,434	197,598	182,744
Vehicles, cars (railway), water craft	128,063	85,847	69,321	121,193	78,131	86,405
Colonial goods (sugar, tea, coffee, etc.)	106,609	118,316	204,291	359,788	273,203	256,068
Watches, watchmakers' and musical instruments	95,279	93,504	152,044	84,610	68,521	90,356
Industrial oils, greases, candles, soaps	91,781	171,105	111,452	112,574	215,979	115,035
Readymade clothing, underwear	67,948	119,634	157,985	122,964	94,287	68,185
Fertilizers	22,840	24,933	6,390	9,631	5,449	6,949
Rubber, rubber goods, linoleum	22,746	17,601	38,791	15,946	22,361	30,824
Fermented beverages, spirits, vinegar and mineral water	1,072	113,760	6,165	21,650	8,552	53,753
Explosives	50	745	2	5,205	40	612
Total value in Turkish pounds[2]	173,537,489	158,420,998	186,422,755	192,125,760	158,867,958	84,685,176
Total value in dollars[3]	$88,373,966	$81,575,725	$97,638,918	$104,685,484	$84,685,176	$51,376,802[6]

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[1] RÉPUBLIQUE TURQUE, DIRECTION GÉNÉRALE DES DOUANES, *Statistique Annuelle du Commerce Extérieur de la Turque.* Année 1928, Partie II, Ankara 1930. p. 227.

[2] Par value $4.40.

[3] Converted at rate of $.50925 for 1928; $.51493 for 1927; $.52375 for 1926; $.54488 for 1925; $.52986 for 1924; $.60668 for 1923, the average rate for each year.

[4] RÉPUBLIQUE TURQUE, DIRECTION GÉNÉRALE DES DOUANES, *Statistique Annuelle du Commerce Extérieur de la Turque,* Année 1927, Partie II, Ankara 1929. p. XXXI.

[5] GILLESPIE, JULIAN, American Trade Commissioner at Constantinople, *Special Report* dated April 15, 1925, based on figures supplied by DIRECTOR GENERAL OF TURKISH CUSTOMS.

[6] Original figures carried piasters, hence totals were larger than shown.

miles long. Because of their steep upper courses the rivers are not well adapted to usage for irrigation and for the same reason they frequently overdrain their basins. Yet those defects do not seriously or insurmountably retard agricultural production, while the rich soil washed down from the plateau makes the valleys with their subtropical climate luxuriant garden spots.

The lakes in Turkey are few in number and unimportant from a geographical standpoint. Lake Van in the remote interior is the largest. It has an expansion of 1,425 square miles with a depth of 327.5 feet in the southern portion, which falls to 81.9 feet in the western part. The water is extremely salty and while the lake is navigable there is no regular service. Tuzgölü (Salt Lake) in the center of Anatolia is a large shallow salt lake. Following evaporation in the summer a bed of salt ranging from 24 to 28 inches in thickness is exposed and harvested. Lakes Igridir and Beyşekir in western Anatolia are important sources of supply for fresh fish, while the former also is an important link in the transportation of grain from the interior plains to Smyrna via the Aydin railway. A fifth lake, Sabanca, is significant chiefly from a strategic point of view as the base of a possible canal from the Sea of Marmara to the Black Sea. Such a project has been considered by several Sultans but there is no immediate need for or prospect of the construction of such a canal in the near future.[9]

The rainfall is quite adequate along the coasts of Turkey but very slight in the interior. With the exception of the area around Tuzgölü there is no real desert, however, in Turkey. In central Anatolia the average rainfall for 1928 amounted to 13.1 inches concentrated in the fall and winter months, while the months of July, August and September were practically without rain. In northwestern Anatolia 21.2 inches of rain fell, being concentrated in the same months as the rainfall in the interior. In the rich area comprising the economic zone of Smyrna in western Anatolia the precipitation amounted to 25.3 inches. In that region the concentration is higher, the months of June, July, August, and September being practically arid. In southern and southeastern Anatolia the rainfall amounted to 21.1 and 23.7 inches, being concentrated in the same seasons as western Anatolia. In the northern regions along the Black Sea coast the heaviest rainfall in the country was recorded, amounting to

55.9 inches with a much more even distribution throughout the year.[10]

It will be noted that the rainy season for the greater part of Turkey does not coincide with the period of greatest heat. As a result the formation of new soil proceeds very slowly. Moreover, the concentration of rainfall and the lack of forests in the central and southern regions results in extensive and wasteful soil erosion.

Climatic influences in Anatolia are extremely varied. Owing to the altitude of the greater part of the peninsula and the exposure to the cold winds from the north the temperatures are much less mild than in other countries situated in the same latitude. On the southern coast the climate is almost tropical, with a subtropical influence prevailing on the southwestern coast. On the northwestern and northern coasts and in the interior, however, the predominant influence is temperate.

This indicates that from a climatic point of view Anatolia may well be divided into three major zones. The first zone includes the coastal areas to the southwest and south. There the Mediterranean climate prevails and the economic life centers around typical Mediterranean vegetation. The winter winds from the south and west are damp, causing abundant rainfall and a mild temperature. This permits agricultural life to survive the extreme summer heat, which is increased by the hot dry prevailing winds from the north. The leading export products are tobacco, figs, cotton, raisins, opium, licorice root, valonia, olive oil, and citrus fruits.

The second zone is dominated by the Pontic influence. The coastal areas of the Black Sea and the Sea of Marmara are included in that region. There are constant moist northerly winds, and while the summer temperature is not high the atmosphere is humid and sultry. The winter is characterized by damp, chilly weather. Along the coasts the rainfall is quite heavy but it decreases considerably as one progresses eastward. From the Bosphorus to Sinop the littoral is completely exposed to the cold northerly winds. But with the exception of that region the other portions of the zone are not subject to extreme cold. The products for which the northern coastal region is best known are timber, nuts, and ores. Bursa is well known for its silk production while Samsun is an important tobacco center, the product of which is the best produced in Turkey.

The third important climatic zone includes the great central plateau. Owing to its altitude the western part of that zone is exposed to the cold winds from the north and suffers a rigorous winter characterized by much snow. Yet as one progresses eastward the climate moderates considerably owing to the protection afforded from the north by the Caucasus mountains. On the southern slopes of those mountains there are spots where the climate is almost tropical and the vegetation is such as one would expect to find on the Mediterranean coast. In the summertime also the temperatures are extreme, resulting in hot dry days relieved somewhat by cool nights. The annual rainfall is very scanty with practically none in the middle of the summer. On the southern fringe of this interior elevated plain crude irrigation makes possible rather extensive cultivation. The rest of the plain, however, is devoted almost entirely to grazing, yielding a bare subsistence to cattle, sheep, and goats. The export products for which this region of Turkey is best known are wool, mohair, and opium. Certain ores also are found throughout the central zone, the best known perhaps being the meerschaum produced at Eskişehir.

The forest resources of Turkey have been greatly reduced as a result of unnecessary destruction. For the most part this destruction has been caused by the use of timber resources both by individuals and by armies for fuel. The forest preserve of modern Turkey, of which 88 per cent is owned by the State, covers approximately 9 per cent of the total land area. The three chief producing regions are the Black Sea coast, the slopes of the Torus and anti-Torus mountains and western Anatolia. It is estimated that three-fourths of the forest resources are concentrated in the Black Sea region.[11] The high mountain ranges along the sea coast cause an extremely heavy rainfall which nurtures the growth of a large variety of trees. In the order of their importance the chief species found in Turkey are pine, oak, beech, fir, yoke elm, evergreen oak, rock rose, and a miscellaneous group including juniper, poplar, olive, and chestnut. The above varieties are augmented by an important growth of mulberry, nut, and fruit trees which play an important part in Turkish export trade. From the standpoint of the production of lumber, however, there is practically no commercial exploitation. A small amount of timber is exported from the Black Sea region but considering the country as a whole Turkey is not an important wood exporting nation.

The extensive mountain ranges of Turkey are reputed to contain vast stores of mineral wealth. In fact the unknown and unexploited mineral resources of Turkey have become proverbial. One writer has stated that the mineral wealth of Anatolia is " so abundant and varied that it may be asserted that no other area of the same dimensions can be compared to it in this respect."[12]

A more rational and accurate statement concludes that " although the mineral resources of Anatolia have been very imperfectly investigated, enough information exists to show that they are both varied and valuable."[13] Among the chief mineral resources are coal, copper, emery, chrome, meerschaum, pandermite (borax) and salt. In the case of some of these minerals such as emery, chrome and meerschaum, the deposits found in Turkey constitute a large proportion of the world supply. A wide variety of minerals less important commercially includes manganese, antimony, zinc, mercury, nickel, silver and gold.

Although the mineral wealth of the country is reputed to be extensive and varied the actual production is very small. Most of that which is produced is exported, yet the mineral exports of the country are small. In the past the chief causes for the failure to exploit Turkish mines have been the lack of adequate transportation, the absence or exhaustion of fuel and timber resources near the mines, the scarcity of labor, and the concession method of exploitation, coupled with an oppressive system of taxation. The present government is extending the railway facilities and encouraging the development of the nation's mineral wealth, consequently it may be expected that in the future the exportation of minerals will play a more important part in Turkey's foreign trade.[14]

An Analysis of American Imports from Turkey

A threefold classification of American imports from Turkey is helpful in setting forth more clearly the nature of Turkish advantage in trade with the United States. The classification adopted includes consumption goods, raw materials, and finished capital goods. As used in this classification consumption goods may be defined as those economic goods which are in final form for the direct satisfaction of human wants, but are not yet in the possession of the consumer. Raw materials are those economic goods to which must yet be added form or place, as well as possession utility. In some instances, time utility might also be lacking as in the case of uncured tobacco, but such cases are rare. Finished capital goods are those economic goods who primary function is to aid in producing more goods, thus satisfying human wants indirectly.

A division of Turkish exports to the United States for 1928 on the basis of this classification discloses the fact that 64 per cent of the commodities fell within the group classed as raw materials while 28 per cent were consumption goods. There were no imports of finished capital goods, the remaining 8 per cent comprising miscellaneous items. Further examination reveals the fact that by far the larger part of the imports were agricultural products. The two chief items of final consumption goods were Turkish and Oriental rugs together with fruits and nuts. The chief raw materials in the order of their importance were tobacco, mohair, wool, skins, unprepared furs, sausage casings, drugs, dyes, and licorice root. A division according to the agricultural as distinguished from animal products shows that 45 per cent were produce of the soil. Ordinarily mineral ores would be included in the classification of raw materials, but the output of Turkish mines has not yet revived and the value of mineral exports for 1928 was negligible. In 1923 mineral ores accounted for 14 per cent of the raw materials.

While the foregoing analysis illustrates strikingly the fact that in trade with the United States Turkish advantage is based on the peculiar geographic influences which make possible the production of specialized agricultural and animal products which are needed in the United States, a brief discussion of the principal commodities will better indicate the basis of Turkish advantage in each case.

(1) *Tobacco*

The most important item of import from Turkey is leaf tobacco. Prior to 1900 this commodity scarcely figured in the import trade but since 1902 it has assumed first place. In 1928 the value of tobacco imports amounted to approximately 50 per cent of the value of all the imports, a figure which is fairly typical of the importance of tobacco imports in the last quarter century.

Formerly the United States purchased from 50 to 60 per cent of all the tobacco exported from Turkey, but in recent years Italy and Germany have become increasingly important as markets for Turkish tobacco. As a result American imports for 1928 constituted only 24 per cent of the total, the other important importing countries being Italy, Germany, and Austria.

The origin of tobacco production in Turkey is unique. Prior to 1601 tobacco was unknown in Turkey. Upon its introduction from America the use of it was prohibited and violation of the law was punishable by the death penalty. The prohibitory law proving unsuccessful, the Turkish Government displayed commendable wisdom by removing the interdiction in 1690 and substituting a tax for revenue purposes.

Tobacco rapidly gained favor in its newly adopted country and as time passed many of its American characteristics were lost. As its cultivation continued the product acquired entirely new qualities so different from the quality of American tobacco that the Turkish product developed into a distinct type. The best grade of Samsun tobacco has a small red leaf, fine-ribbed, thin and different in shape from the American leaf. It is in the aroma, however, that the distinction of Turkish tobacco is found. It is pungent, spicy, and mild, all of which contribute to its distinction and account for its favor with the American consumer when blended with American tobacco.[15]

As the distinctive characteristics of Turkish tobacco developed, the growing importance of that product to the nation in its export trade became increasingly evident. At the same time a fear developed that the successful transplantation of Turkish tobacco to other countries possessing a similar climate would deprive the country of one of its most important assets. Hence, governmental authorities long ago prohibited the exportation of tobacco seed. But such precaution was hardly necessary, for subsequent attempts to cultivate Turkish tobacco elsewhere proved that natural obstacles were far more effective than prohibitory decrees. At various times efforts have been made to transplant Turkish tobacco seedlings in South America, the Philippines, and southwestern United States. In one instance the promoters went so far as to transport large quantities of soil from the Samsun producing area in order that the seedlings might have a start in native surroundings, but in every case the peculiar flavor which accounts for the distinction of Turkish tobacco was lost within a year after transplanting.[16]

Being assured by nature of a virtual monopoly in the production of a particular type of cigarette tobacco, one would expect to see a tremendous increase in the volume of tobacco output in Turkey. But shortly after its official recognition by the Government various forms of State control were adopted[17] followed by the cession of a monopoly to a foreign company in 1884. The monopoly exercised by the *Régie Co-Intéressée des Tabacs de l'Empire Ottomane* continued until March, 1925, when a State monopoly was inaugurated by the new Government.[18]

Reference to table 13 shows that there was practically no increase in tobacco production prior to 1910. The figures for 1915 and 1920 are not comparable since production had declined because of the War. Beginning in 1925, however, it will be seen that there was a remarkable increase in the volume of tobacco production, the crop for 1927 being the largest in the history of the country. It should be recalled, moreover, that the latter figures are for modern Turkey which does not include the Macedonian area, formerly a large contributor to the annual yield. Another striking feature which the statistics disclose is the fact that more tobacco is now being produced on a smaller area and that the production per cultivator also is increasing.

In spite of this remarkable increase in the volume of tobacco production there is a widespread feeling in Turkey that considerably more tobacco could and would be produced under a system of unrestricted private enterprise in production and manipulation. At the present time there is a strong movement on foot to substitute the internal revenue stamp system for the State monopoly in the belief that tobacco production will increase and hence government revenues also will rise.

For many years it has been the practice of American tobacco companies to maintain their own resident buyers in Turkey in

TABLE 13

PRODUCTION OF TOBACCO IN TURKEY [1]
1885–1928

Years	Number of Planters	Area Cultivated in Deunums [2]	Kilograms [3]
1885	141,089	249,439	23,198,944
1890	109,034	299,323	20,374,494
1895	123,575	438,577	31,009,433
1900	111,688	370,310	28,047,516
1905	132,099	463,469	34,178,058
1910	213,427	744,548	58,649,124
1915	63,419	177,528	12,963,315
1920	100,773	361,717	29,142,868
1925	185,926	659,833	56,313,799
1926	169,129	737,059	54,330,370
1927	174,630	885,130	69,599,994
1928	101,026	653,036	43,368,769

[1] RÉPUBLIQUE TURQUE, OFFICE CENTRAL DE STATISTIQUE, *Annuaire Statistique*, Deuxième Volume, 1929. Ankara 1929. P. 133.

[2] A deunum is .227 of an acre.

[3] A kilogram is equal to 2.2 pounds.

order to get the types and qualities of tobacco desired. In the past the buyers have frequently financed the crop for native planters and have supervised its care through the various stages of growth and preparation. Recently, however, some of the buyers have inaugurated a new system. In place of the old method under which the planter packed his own bales, using money borrowed at rates varying from 15 to 40 per cent, the buyer now bales it in a way much more satisfactory for his purposes, enabling him to pay the planter a slightly higher price. Freed from the necessity of borrowing money at exorbitant rates for packing and with the added income from his crops, the planter is enabled to increase his sowing.

The danger to Turkish producers in selling so large a part of their tobacco crop to the buyers of one country was shown in 1925 in the alleged buyers' monopoly formed by a combination of seven of the largest buyers. They refused to buy at prevailing rates, attempting to force a decline in price. But with the shifts which have recently taken place in the relative exports to various countries the proportion of Turkish tobacco bought by American buyers has dropped considerably so that any real danger of an effective buyers' monopoly seems remote.[19]

The " Turkish blend " cigarette was introduced in the United States in 1902. That innovation has been suggested as one of the causal factors in the phenomenal increase in American cigarette consumption since that time. For the ten years prior to 1905 the annual consumption of cigarettes amounted to 3.5 billion. After 1905 the annual consumption began to increase, reaching 10 billion in 1910, 18 billion in 1915, 45 billion in 1920, and 105 billion in 1928. With a natural advantage in the production of cigarette tobacco and the prospects of an annually increasing yield as well as the prospect of a steadily increasing American demand it seems quite certain that American imports of Turkish tobacco will not only continue to be the most important phase of trade between the two countries, but will actually increase.

(2) *Rugs and Carpets*

American consumers have long indulged in the luxury of Turkish and Oriental rugs. As early as 1892 the importation of those articles became a leading factor in Turkish-American trade. For many years the United States has purchased more rugs and carpets from Turkey than all other countries combined. In 1928 the value of rugs bought in Turkey amounted to 10 per cent of total American imports from that country.

Constantinople has for years been the world's leading transit rug market. In that city is located a large warehouse where rug merchants collect stocks of Oriental rugs entering the country in transit. American buyers then make their purchases directly from the merchants in the transit warehouse. With the exception of rugs exported through Smyrna practically all pass through the Constantinople market. Oriental rugs entering Turkey from neighboring eastern countries formerly were assessed an import duty of slightly more than 3 cents per 2.2 pounds, but those passing through the transit warehouse were exempt from the import duty.

The American tariff law of 1922 levied an import duty on Turkish and Oriental rugs amounting to 55 per cent *ad valorem*. In 1925 American officials decided that the basis for valuation of rugs imported from Turkey should be the prevailing price in the Grand Bazaar at Constantinople rather than in the transit warehouse. Since Oriental rugs entering Turkey were required to pay a duty, the American ruling meant that the Turkish tax should be added to the value of the rug for purposes of assessing the American import duty, in spite of the fact that practically all Oriental rugs purchased in Constantinople for the American market entered the warehouse in transit and hence paid no duty at all.

With such a small import duty as Turkey formerly levied the ruling had little effect on the volume of trade. However, the Turkish tariff law which went into effect October 1, 1929, raised the duties on rugs entering Turkey to such an extent that the American basis of valuation assumed an entirely new significance. The Turkish rates were raised from 3 cents to $1.15 per 2.2 pounds for rugs weighing 2.5 kilos per square meter and $1.92 for those weighing more. Although those rates did not apply to rugs entering in transit the American rule assumed that they did, hence Constantinople was unable to compete with other transit markets and its export trade to America was entirely stopped for several months.

When it became evident that there was no hope for a change in the American valuation base the Grand National Assembly voted an amendment to the tariff law which reduced the import duties to less than a cent and a half per 2.2 pounds for all rugs, with the result that the Constantinople transit market is once more able to compete with other markets for the American trade.[20]

The Turkish rug industry is concentrated in half a dozen important centers. These are Isparta, Uṣak, Smyrna, Sivas, Konya and Bursa. The industry has declined considerably due to the War and to the departure of the non-Moslem population which was an important element in the trade.[21] For a time it appeared that the industry would shift to Greece and such a process actually was started. Smyrna was the district most severely affected but present indications are that the industry in Turkey is rapidly reviving while that in Greece is on the decline. The Smyrna production of 1929 was almost equal to the production of 1910.[22]

While the carpet industry of the Smyrna economic zone is well organized it remains a handicraft trade. The designers for the various companies execute the patterns which American and European buyers desire. The designs are then sent to the companies' agents located throughout the interior who in turn pass the designs on to the weavers, supply them with yarns, set up the looms and supervise the weaving. When the carpets are completed they are returned to Smyrna and washed. That process requires eight hours during which the carpets are subjected to such severe treatment that their life is shortened by 25 years. The appearance is considerably improved, however, and the sale value in America greatly enhanced.

The use of chemical dyes in rug manufacture has become more common in Turkey than in other oriental countries. Today eastern Turkey is practically the only district in which the old methods and the old vegetable dyes still prevail. Although in such centers as Sivas, Bursa and even in certain parts of the Smyrna district some vegetable dyes are still used. While it is claimed that the vegetable dyes give a richer and more durable color the demand for rugs grew more rapidly than the supply of vegetable dyes. Moreover, the firms which use the chemical dyes maintain that they are just as durable and that it is possible to get more delicate tints than it is with the vegetable colors. The dyes most generally in use now are the German alizine product the base of which is coal.[23]

Turkish rugs are noted for their beauty of design and for coloring and durability. The quality of the locally produced wool and silk which go into the rugs contributes to their durability. It is said that there is a peculiar atmospheric influence which acts on the wool and coloring materials giving certain districts an advantage similar to that enjoyed by the linen industry at Liège, Belguim. While the designs are prepared by outside experts the skill of the artisans which is passed from generation to generation is an important factor in the attractiveness of the finished product.[24]

Although the competition of machine made rugs is increasing the American demand for Oriental and Turkish rugs shows no signs of decreasing. Constantinople continues to be the leading market of the world for Oriental and Turkish rugs. The Turkish rug and carpet industry is reviving, hence it seems quite certain that American imports will not only continue to be an important factor in Turkish-American trade but may actually increase.

(3) *Fruits and Nuts*

Anatolia is endowed with a climate and soil which yield an abundance and variety of fruits and nuts. In producing for exportation the economic zone of Smyrna is the most important center of the fruit industry. The most famous of Turkish fruits is the choice Smyrna fig which is said to have originated in Anatolia. The figs produced in the rich Büyük Menderes (Meander) river valley are so choice and sweet that no artificial treatment is required to prepare them for the export market.

At one time the Smyrna fig was so distinctive as to be entirely free from competition. That situation led to a number of attempts to transplant the fig tree to California where the soil and climate are similar to those of Smyrna. The first efforts were unsuccessful, however, and it was believed that Turkish geographic influence had endowed the country with still another natural monopoly. After a number of years it was discovered that caprification was necessary. The young fruit is fertilized by a female wasp in the Capri or wild fig. Strings of Capri are hung in the orchards in May and the success of that process very largely determines the outcome of the harvest. The adoption of that process marked the beginning of successful production of " Smyrna figs " in California. Indicative of its origin and its quality the American product is commercially called the " Calimyrna " fig. The American production of figs has steadily increased and today California is a formidable competitor of Smyrna.

Although the Smyrna fig in its natural state is a superior product the crude and unscientific methods of packing have retarded its sale in foreign markets. This is particularly true of the American market, the United States Government enforcing rigid rules relative to the worm content of imported figs. While Turkish producers have gradually improved their packing methods to meet American requirements a number of shipments recently have been returned. There is no reason, however, why the American requirements cannot be met and present indications point to a continued improvement in the methods of packing.[25]

Among the nuts exported the most important are filberts which are found on the Black Sea coast. Walnuts are second in importance and are produced chiefly in the regions around Samsun, Diyarbekir and Niğde. Other types of nuts which are less important from a monetary standpoint but are highly favored in the American market include chestnuts, almonds, pistachios and pignolias, all of which are found in the more southerly provinces.[26]

There are three factors which indicate that the exportation of Turkish fruits and nuts to America will not increase. These center around fig production since figs are the chief item in that category. In the order of their importance they are first the increasing production of Californian figs, secondly the protection of the American market by extremely high import duties and finally the rigid packing requirements which Turkish packers have thus far failed to meet satisfactorily. On the other hand, there is no doubt that nature has endowed the Smyrna zone with characteristics which result in a superior product the quality of which seems to assure for it a comparatively small but steady market in the United States.

(4) *Mohair and Wool*

All of the articles so far considered have been products of the southern and northern climatic zones. One of the exports for which Turkey is most famous, however, is a product of the central plateau. The fineness of Anatolian mohair is undisputed owing to its rare combination of durability and softness of texture. The Ankara (Angora) goat whose fleece is so highly prized is a distinctively Turkish animal, yet it is known the world over. For many years Turkey was the chief producer of mohair since there were practically no goats outside of Anatolia. But the annual production proved insufficient to meet the foreign demand, particularly English. It is asserted by a Turkish writer that diplomatic pressure was therefore brought to bear on the Sublime Porte by the British Government which led the Sultan to present the British Ambassador with a " gift " of Ankara goats to be sent to South Africa for breeding purposes. As a result there are more goats today in that region than in Turkey and the annual production of mohair is about double.[27]

Following the English example the United States imported goats from Ankara which subsequently thrived on the mountainous plains in the West. American production also exceeds that of Turkey but by a smaller margin. In both cases, however, although the goats have thrived in their new homes the quality of their fleece is inferior to that produced in the native haunts of central Anatolia.

The production of Turkish mohair was seriously retarded during the War especially during the Turco-Greek War which was largely fought in the mohair producing districts. During that struggle about 50 per cent of the goats were killed for food purposes or died from disease and neglect. There has been a remarkable recovery, however. It is estimated that there were 3,000,000 Ankara goats in Anatolia before the War while the 1927 census shows that there were 2,500,000 in that year.[28]

Commercially, mohair is assuming a new importance because of its increasing use for dress goods and imitation furs. It continues to be indispensable in the manufacture of a large variety of textiles and products such as yarns and braids, plush for railway cars, upholstery for automobiles and rugs, book bindings, shoes and gloves.[29]

Although goats from Turkey have been successfully raised in America the production costs are much higher and the development of the industry has been made possible by the imposition of a protective tariff. Under the Tariff Act of 1930 the import duties amount to 34 cents a pound. Yet in spite of that high rate American imports of mohair from Turkey have amounted to 1,500,000 to 2,500,000 pounds annually.[30]

In spite of African and American competition in the production of mohair Anatolia enjoys a natural advantage which results in the production of a superior quality. There is no widespread use of mohair in Turkey hence the bulk of its output finds its way to foreign markets. With an increasing demand in the United States and a steadily reviving industry in Turkey there is every reason to believe that the volume of mohair imported from Turkey will increase provided prohibitory tariff rates are not imposed.

The wool industry of Turkey is confined chiefly to the production of an inferior grade which is used almost entirely in carpet manufacture. Sheep raising may be termed a small scale industry as conducted in Turkey since the number of sheep in a flock rarely exceeds 150. Before the War there were some 15,000,000 sheep but their depletion was even more extensive than that of goats. Mutton was a meat favored by the soldiers with the result that 60 to 70 per cent of the sheep were killed to meet the needs of the armies. In 1927 the agricultural census showed only 10,000,000 sheep but an official in the Ministry of Economy stated that the figure was much larger in the spring of 1930.[31]

In pre War days the United States was the principal buyer of Turkish wool. Post War importations have declined, however, owing to the smaller production in Turkey, the increased purchases by other countries and as a result of the increased demand in Turkey. The latter is stimulated by attempts to revive the Turkish carpet industry. In 1928 Great Britain was the chief importer of Turkish wool followed by France, United States, Greece and Italy.[32]

The Turkish wool industry is rapidly reviving and the production will no doubt continue to increase. Indications point, however, to an increased domestic demand as well as an important Greek demand for carpet manufacture. It is possible that the increased manufacture of machine made rugs in the United States will result in larger importation but the obstacles to any significant increase in the importation of Turkish wool are quite formidable.

(5) *Furs, Skins and Sausage Casings*

Three animal by-products which enter largely into American imports from Turkey are undressed furs, skins and sausage casings. In 1928 the value of those three imports amounted to 13 per cent of the value of all the imports from Turkey.

Of the three commodities, undressed furs were imported to the greatest extent. Among the furs exported from Anatolia are fox, skunk, marten, jackal, badger, otter, wild cat, hare and wolf. Formerly American buyers concentrated on the fox, skunk and marten, but in 1928 according to Turkish statistics the furs exported to America were almost all hare and wolf.

The skins which are exported include lamb, kid, goat and sheep. Although the statistical table classifies hides and skins in the same group no hides actually are exported from Turkey. On the contrary, all of the domestic hides are used and the supply is supplemented by imports from elsewhere as well as importations of prepared leather. In 1928 the exportation of leather from America to Turkey constituted the second most important item in exports to Turkey.

While none of these products is peculiar to Turkey and no advantage is enjoyed in their production it is striking that such a large part of the counry's exports to the United States consists of crude animal by-products. In spite of the efforts being made to industrialize and develop Turkey the exportation of these products will no doubt continue to be comparatively large for some years to come.

The "hot dog" is an American institution to which Turkey contributes a large part by supplying the casings. From an insignificant item in 1902 sausage casings have become one of the leading imports from Turkey occupying seventh place in order of importance for 1928 and amounting in value to nearly one million dollars.

In the last few years efforts have been made in the United States to perfect a substitute for the old style sausage casing and some frankfurters so prepared have been marketed. The success of the substitute has not been very great so far but if it eventually becomes a practical thing the importation of sausage casings will decline. On the other hand, if the experiments with the substitute do not prove successful the widespread and increasing popularity of "hot dogs" should lead to a still greater importation of casings from Turkey.

(6) *Chemicals, Drugs and Dyes*

Under the heading of chemicals, drugs and dyes is included a number of items such as opium, natural dyes, gums and other medicinal products whose value is not large but which are significant because of their use or by virtue of their restricted source of supply.

Chief among these items is opium. Two kinds of opium are produced in Turkey that for smoking being found in the regions about Sivas and Ankara while that destined for medical use is produced in the provinces of Bursa, Aydin and Konya. Afyon Karahisar, as the Turkish meaning of the name indicates, is the chief producing center. Anatolian opium being especially rich in morphia content is highly prized and sought after by foreign buyers.

The Turco-Greek War from 1919 to 1922 resulted in widespread destruction in the opium producing districts. Although production has nearly attained pre War figures, it is doubtful if it will expand much more. The world wide effort to restrict its production to meet medicinal requirements has reduced the demand and will curtail it still further in the future. For twenty years the United States Government has prohibited the importation of opium not intended for medicinal use as a result of which importations from Turkey have declined. It appears that in the future the opium industry will be limited to meet medicinal requirements, a condition which will lead to a regular though smaller demand.[33]

A number of gums, chief among which is gum tragacanth, are imported from Turkey. Most of these gums are the products of wild herbage in the mountainous districts of Anatolia. The centers of the chief producing regions are Ankara, Kayseri and Yozgat. Gum tragacanth is used not only for medicinal purposes but also in the manufacture of confectionery. Lower grades are used in a number of different ways in the preparation of varnishes, in the manufacture of cotton goods and as a binder in the manufacture of cigars.[34]

Years ago various kinds of shrubs yielding natural dyes such as madder root and saffron were cultivated in Anatolia. The subsequent development of the German chemical dyes industry almost completely eliminated the demand for natural dyes with the result that those now produced in Turkey are largely the product of wild uncultivated shrubs and herbs. The most important of these modern dyes is valonia, the product of an oak tree by that name. Valonia oaks are most common on the western edge of the central plateau. The acorns are collected in the late summer and prepared for exportation to foreign countries where they are used in the tanning industry.[35]

(7) *Licorice Root*

One of the most unique articles of export from Turkey is licorice root. In its native haunts it is regarded by the Turkish peasants as a worthless weed, yet it is an important asset in the export trade of the country. While Syria, Russia, Greece, Italy, France and Spain are producers of licorice root, Turkey is the most important source of supply. Before the War 55 per cent of the world's requirements were supplied by Turkey and 60 per cent of American imports came from that country.

The chief producing regions are the Menderes and Gediz river valleys in the Smyrna economic zone where the shrub like plant grows wild. Its roots penetrate to a depth of five or six feet, hence the sandy soil of the Gediz valley facilitates their digging. Turkish law provides that the root belongs to the one who digs it, consequently the foreign companies engaged in its cultivation lease large tracts of land and hire their own diggers.

Turkish licorice root is unusually rich in glyzerizen which gives the licorice flavor. As in the case of other commodities in which Turkey enjoys a natural productive advantage, efforts have been made to transplant the shrub to America, but up to the present time the attempts have not been successful.

The cultivation of licorice root and its preparation for shipment constitute an industry which is largely controlled by the American firm MacAndrews and Forbes. That company has an extensive plant and equipment for carrying on its business and has in the past operated its own steamship line in order to assure regular service and a steady supply for its plant in Camden, New Jersey.

This peculiar product to which so little importance is attached by the people of Turkey is used in the United States as a flavoring for chewing tobacco, smoking tobacco, soft drinks and in the manufacture of confectionery.

Imports of licorice root have been important since 1890. There is every indication that they will continue to form a large part of American imports from Turkey for the American consumption of tobacco and confectionery is increasing. In its licorice root producing areas Turkey has been endowed by nature with an asset which requires no development. At the same time circumstances have assured a steady market. In a land so uncultivated the inevitable development of agriculture will not soon encroach upon the production of licorice root, consequently Turkey should long continue to be the chief provider for American requirements.[36]

(8) *Minerals*

Allusion has already been made to the reputed mineral wealth of Turkey. In 1901 Professor Josiah E. Spurr of the United States Geological Survey reported discoveries "which proved that the minerals of Turkey are among the richest and most inexhaustible in the world." It was his belief that Turkey contains all the minerals found in other countries and that some of them have a quality rarely found elsewhere.[37] Yet reference to table 8, showing American imports from Turkey by decades, indicates that the value of imports of mineral ores has never been extensive. In 1928 the imports were negligible, amounting to only $55,000 worth of emery ore.

The ores which have been most extensively imported in the past have been manganese, emery, chrome and meerschaum.

The extent of manganese deposits in Turkey is unknown. But the limited prospecting and exploitation thus far carried on leads to the belief that the stores of that mineral are of serious importance. Manganese is found in a number of different places in the mountains along the seacoast. The production so far has been very small, although the quality is such as to warrant more extensive exploitation.[38]

Emery is one of the four leading minerals produced in Turkey, the annual output varying from 30 to 40,000 tons. The first and most important deposit was discovered by John Lawrence Smith, an American mineralogist, 80 years ago. While the quality of Turkish ore is good, it is inferior to that of the ore produced on the island of Naxos. But with the exception of the Naxos deposits, the world's greatest source of natural emery is found in the provinces of Aydin and Muğla in western Anatolia. The limited natural supply of this important ore led to the manufacture of substitute compounds in the United States and Canada under the trade names of "carborundum" and "corrundum." Those products were expected to compete seriously with the natural abrasive but emery production in Turkey has scarcely been affected. The most important concessions for the exploitation of Turkish emery mines are held by a British company in which there is said to be a large American interest. Owing to its natural monopoly and the steadily increasing demand for emery an increased development and exportation may be expected.[39]

Not only in emery ore does Turkey enjoy a world monopoly, for the greatest known deposit of chrome ore lies midway between Bursa and Kütahya. It has been said that the needs of the entire world could be supplied by the mines which have already been exploited. Formerly Turkey produced some 60 per cent of the world's supply of chrome, but following the discovery of important deposits in New Caledonia, Rhodesia and Canada Turkey fell into third place as a producer while it now ranks fourth.

Turkish deposits of chrome ore furnish still another illustration of the extent to which nature has favored the Anatolian Peninsula. In modern industry chrome is a vital necessity. The steel interests of the world are vying for control of Turkish resources and the near future will no doubt witness a noteworthy increase in the volume of Turkish chrome exports.[40]

The last ore in which Turkey enjoys a practical monopoly is meerschaum. That mineral is found almost exclusively in Turkey and all the first class meerschaum for commercial purposes is mined in central Anatolia. The chief deposits are located about twenty miles northeast of Eskişehir. In former days the United States was the chief market for meerschaum, which is used for the manufacture of smoking articles and for ornamental purposes, but the imports came from Vienna rather than Constantinople, since the rough ore was exported to Austria for preparation. This is a good illustration of indirect trade between Turkey and the United States which was more common in the past than at present, although there are still many exports from Turkey to America which pass through Trieste, Hamburg and Liverpool and thus appear in American customs returns as imports from the countries in which those cities are located.[41]

The fact that Turkey is richly endowed with mineral resources is well established. In the past those resources have been meagerly developed and the methods used have been primitive. The important sources of supply which are found in Anatolia coupled with the growing demand on the part of industrial nations for those resources is leading to active competition among foreign companies, including American, for concessions to exploit the mines. At the same time the Turkish Government is extending its railway system so as to provide transportation facilities to and from mining areas and is interested in exploiting that type of natural wealth. For these reasons it may be assumed that Turkish exports of mineral ores will expand and that an increasing proportion of those exports will find their way to the American market.

Summary and Conclusions

Turkey is primarily an agricultural country and its future economic prosperity lies in the soil. Although the country is essentially agricultural, even that industry is greatly under developed. Consequently, in developing the agricultural resources of the country the Government can perform its greatest service. There is practically no industry in Turkey and such as exists is closely associated with agriculture.

Since there is no important industry and the country is primarily agricultural, its export trade consists chiefly of agricultural products. In 1928 95 per cent of the exports consisted of agricultural and animal products while 83 per cent of the total imports consisted of manufactured goods. A survey of Turkish geography reveals three important producing zones and geographic factors largely explain the leading exports.

In its trade with the United States in 1928 64 per cent of Turkey's exports were raw materials and 28 per cent consumption goods. Products of the soil comprised 45 per cent of the exports. Turkish advantage in its trade with America is based on peculiar geographic influences enabling the production of specialized agricultural and animal products which are needed in the United States.

Chief among those commodities is Turkish tobacco which is so distinctive as to be beyond the range of competition. All attempts to transplant it have failed. With an annually increasing yield and prospects of a steadily increasing American demand it seems quite certain that American imports of Turkish tobacco will not only continue to be the most important phase of trade between the two countries but will actually increase.

American consumers have long indulged in the luxury of Turkish rugs. Although the competition of machine made rugs is increasing, the American demand for Oriental and Turkish rugs shows no signs of decreasing and indications are that importations will become increasingly important.

For a long time the famous Smyrna figs were beyond the range of competition but repeated efforts to produce them in California were eventually successful and the Calimyrna fig is now a strong competitor. The Smyrna fig, however, is superior in quality and a smaller but steady American market is assured in spite of the recent tariff increase.

Like the Smyrna fig, the Ankara goat is world famous. In spite of African and American competition in the production of mohair Turkey enjoys a natural advantage which results in the production of a superior quality. Since there is no widespread use of mohair in Turkey while the demand in the United States is increasing there is every reason to believe that the volume of the mohair imported from Turkey will increase provided prohibitory tariff rates are not imposed. Turkish wool is chiefly of the carpet variety. The production of that commodity is rapidly reviving but indications point to an increased domestic demand as well as an important Greek demand. Consequently, in the face of an increased American tariff, it is doubtful if imports of Turkish wool will continue to be as important as in the past.

Three animal by-products which enter largely into American imports from Turkey are undressed furs, skins and sausage casings. In spite of the efforts being made to industrialize and develop Turkey the exportation of those products will no doubt continue to be comparatively large for some years to come.

American imports of Turkish opium have declined chiefly because of the legal restrictions which have been placed on the use of that drug. Since future American imports will be limited to meet medicinal requirements there will be a regular though smaller demand. At one time Turkey exported large amounts of natural dyes but that trade has succumbed to the competition of chemical dyes.

A unique import from Turkey is licorice root which has been an important item in Turkish-American trade since 1890. There is every indication that that commodity will continue to form a large part of American imports from Turkey.

Although Turkey is richly endowed with mineral resources they have been meagerly developed in the past. Important sources of supply of chrome, emery and other minerals in Anatolia coupled with the growing demand on the part of industrial nations is leading to active competition for concessions to exploit Turkish mines. The Turkish Government is encouraging the exploitation of the country's mineral wealth and it may be assumed that Turkish exports of minerals will expand in the future and that an increasing proportion of those exports will find their way to American markets.

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VI

What America Sells to Turkey and Why

Basis of American Export Trade

Shortly after the middle of the eighteenth century a phenomenal and sudden change from handicraft to machine industry occurred in England. The influence of the Industrial Revolution spread to western Europe and the United States in subsequent years, resulting in the industrialization of the nations embraced. In the case of the United States, however, the effects of that change in the method of producing goods were chiefly domestic until 1915. While the nation was gradually turning from agriculture to industry its chief exports continued to be products of agricultural and extractive industries such as wheat, cotton, lumber, and oil.

Beginning in 1914 the sudden stimulus of the European War and the neutral position of the United States gave American industry the impetus to expand quickly and the American specialty became mass production at low cost. During the continuance of the War American ability to produce on a large scale was a valuable asset. But following the War and reconstruction it has resulted in keen rivalry for world markets between the United States and the industrial nations of western Europe.

Prior to the War the United States, itself being an exporter of agricultural and extractive products as was Turkey, had no real basis of trade with that country. While it is true that American needs required certain specialized Turkish products there was no special product of the United States demanded in Turkey with the exception of mineral oil. That fundamental condition was one of the chief causes for the lack of commercial development. The rapid expansion of American industry to which reference has already been made resulted in the increased production of machinery and manufactured goods. The surplus output over immediate American needs was directed to the markets of other nations. The extreme lack of industrial development in Turkey provided an important potential market.

The time had arrived when American industry was producing the kinds of commodities needed in Turkey and as a result was gradually increasing its exports to that country. But English, German, and French industrial goods having preceded those of America in the Turkish markets, the newcomers were greeted with formidable resistance by European industrialists in their efforts to keep the door of Turkish commerce closed. That situation led not only to commercial rivalry and sharp competitive methods, but to political rivalry and diplomatic intrigues.

The circumstances of the immediate postwar period gave to American exporters a temporary advantage which was quickly lost following European recovery. Consequently the present basis of American export trade with Turkey rests on the difference in stages of economic development between the two countries and the ability of American manufacturers successfully to compete with their European competitors in the markets of Turkey. Fortifying the ability so to compete is the development of large-scale production of standardized low-cost goods to which the industrial leadership of the United States has been attributed.

An Analysis of American Exports to Turkey

A division of exports according to the classification adopted in Chapter V will, as in that case, set forth more clearly the nature of American advantage. It will be recalled that that classification divided commodities into consumption goods, raw materials and finished capital goods. A division of American exports to Turkey in 1928 shows that 50 per cent were capital goods and 33 per cent consumption goods. The remaining percentage represents miscellaneous items which for the most part were consumption goods since there were no exportations of raw materials. The chief capital goods in the order of their importance were automobiles, agricultural implements, manufactures of iron and steel, and industrial machinery. The chief consumption goods, on the other hand, were leather, wheat, oils, manufactures of wool and cotton, and chemicals, drugs, and dyes.

While as detailed a consideration of each item as was presented for imports from Turkey is unnecessary, a brief discussion of the major items and groups will better show the probable trend of this phase of Turkish-American commerce. Under the terroristic reign of Sultan Abdul Hamid the importation of many modern improvements was prohibited chiefly because of his fear that the new devices might be used in revolutionary activities. Among such restrictions was the prohibition of the importation of automobiles prior to 1907. The first automobile ever driven into Turkey was an American tourist car which entered Palestine in 1908.[1] In spite of the first appearance of an American machine in Turkey the early automobile trade was enjoyed by British producers.[2] For a number of years British automobiles were the most common in Turkey. But the development of American large-scale production of standard machines at low cost with readily obtainable replacement parts eventually won the favor of Turkish buyers and placed the United States in the forefront as an exporter of automotive equipment. Today American automobiles dominate the Turkish market, the proportion of American cars in 1926 being 65 per cent of the total, while that figure was raised to 85 per cent in 1929.[3]

That this preëminence will continue is almost certain. A factor which will tend to increase still further the importance of American automotive industry in Turkey is the establishment of an assembly plant in Constantinople by the Ford Motor Company. In accordance with a twenty-five year contract the new plant was opened on January 1, 1930, being located in a free zone which is considered as outside of customs boundaries. The facilities of the plant will permit the assembling of from 100 to 150 automobiles per day. Upon the completion of such cars as are destined for other Near Eastern markets they may be shipped without the payment of any duties. But cars entering Turkey for sale are required to pay import duties. A special provision of the contract, however, stipulates that in recognition of the advantages to Turkey of such an industry the Government will pay a premium of $30 to the Company for every car, truck, or tractor imported.[4]

In past years the absence of good roads in Turkey has hampered the greater use of automobiles. As it is, a number of trucks operating throughout the interior carry considerable passenger and freight traffic. Among its numerous projects the present Government has provided for the repair and extension of the highway system of the country. On February 6, 1929, the Grand National Assembly passed a law providing for the construction of 4,800 miles of new highways and the reconditioning of the 7,800 miles of existing roads. In accordance with the policy of the Government so far pursued the work is to be financed entirely with Turkish capital and without recourse to a loan. All male residents between the ages of 18 and 60, including foreigners (with a limited number of exceptions), who have been in the country more than six months are subject to road service of ten days a year or a tax in lieu of service amounting to £T8. It is estimated that the law will yield £T6,000,000 a year and that within fifteen or twenty years Turkey will have a system of national highways radiating from Ankara.[5]

With its extreme underdevelopment in all fields of transportation there is an urgent need for automotive equipment in modern Turkey. In the entire country there are only 9,000 registered automobiles, 3,000 of which are concentrated in Constantinople. Of the total number 65 per cent are trucks, while the passenger cars are used almost entirely for commercial purposes as taxis for short and long trips. Although the 1929 tariff increased the import duties for automobiles the rates are not so high as to restrict to any extent their importation. The tariff varies from approximately $17 to $120 per 100 kilos (220 pounds) increasing as the weight of the car increases. Complete trucks are assessed a flat rate of $14.40 at present exchange rates while chassis only pay $5.75.[6]

These tariff rates are especially favorable to the low-priced light-weight automobiles and trucks which are characteristic of American manufacture. From every angle the United States enjoys a distinct advantage in the automobile market of Turkey, and as the latter country progresses economically American sales of automotive equipment will certainly increase.

The Turkish Market for American Consumption Goods

In discussing the remaining items which constitute American exports to Turkey they can be considered conveniently in two groups, one of which includes the consumption goods and the other the remaining capital goods. For the most part exports of such consumption goods as leather, grain, mineral oils, cotton and wool manufactures, sugar, oleo and cottonseed oil, and distilled spirits were concentrated in the boom year of 1920. In most cases the previous exports had been small while the figures for subsequent years also have dropped. Particularly in that type of trade the goods were supplied almost entirely by European nations in previous years who have now reassumed their position as exporters of such commodities. Finally the importation of such commodities is actively discouraged by the new economic policy of the Turkish Republic. Determined efforts are being made to develop the industries of leather tanning and shoe manufacture; to raise enough wheat and grind sufficient flour to meet the needs of the country; to manufacture its own cotton and woolen products from locally produced raw materials; to refine its own sugar; to distill its own spirits; and to substitute native animal and vegetable oils for the products of other countries. This policy has already reduced the imports of such goods and will reduce them still further in the future.

As an indication of the extent to which the Turkish market has been closed to certain commodities formerly exported by the United States the present situation in a few cases may well be cited. In its efforts to develop the leather and shoe industries the Turkish Government has levied tariff duties ranging from $7.70 per 100 kilos for raw hides and skins to $1,200 for fancy gloves.[7] Obviously these rates are prohibitive and as long as they continue the Turkish market for leather goods will be closed.

American exports of grain and grain products had consisted chiefly of wheat and flour. In 1928, for instance, wheat was practically the only item in that category. In former years the absence of direct low-cost transportation facilities prevented the regular sale of American wheat and flour in Turkey, and now the tariff raises a formidable barrier, the new rates amounting to $3.00 per 100 kilos on wheat and $4.60 on flour.[8] As a matter of fact, Turkey should produce its own wheat and flour and there is no doubt that it will do so in the future. Consequently the importation of such goods should cease completely.

Formerly Turkey was considered the third best market in the world for cotton goods, and the importation of cotton manufactures normally amounted to about one-third of the country's total import trade.[9] Turkey itself has been a producer of raw cotton since the days of the American Civil War, the last annual prewar crop amounting to 135,000 bales. The former practice was to export the raw cotton to various European countries, where one bale was blended with ten bales of American cotton, manufactured and sent back to Turkey. England long held the lead in that trade and American exports in 1920, 1921, and 1922 were temporary.

The raising and manufacture of cotton is included in modern Turkey's " triple white " policy which seeks to make that country self-sufficient in the production of cotton, sugar and flour. As an encouragement to the development of cotton manufacturing the tariff rates have been raised from 100 to 300 per cent, the absolute figures ranging from $21.65 per 100 kilos for unbleached yarn to $144.35 for bleached tulle.[10] The United States has never had a real market for cotton goods in Turkey and it may be said that the present tariff restrictions will prevent the development of any trade in that commodity.

American refined sugar did not enter the Turkish market until the disturbed postwar period. Prior to that time Austrian and Russian producers supplied the Turkish market at prices which defied American competition.[11] Reasons for the temporary importance of sugar in the trade with Turkey have already been indicated, and the United States, not being a sugar exporting country, was quickly displaced by Holland, Belgium, and Czechoslovakia beginning in 1922.[12] As a final barrier to any possible revival of American participation in the sugar trade of Turkey the import duty has been raised to $13 per 100 kilos on refined sugar.[13] Moreover, the Government is encouraging the production of sugar beets and the construction of refineries within the country, the output of refined sugar in 1929 amounting to about 8 per cent of the annual requirement.

The Lausanne Treaty of 1923 prevented Turkey from increasing its customs duties before August 6, 1929. Since that treaty was not signed until July 24, 1923, and did not become effective until August 6, 1924, the Turkish Government had already raised the duties on a number of commodities chiefly for revenue purposes. Following the Allied inhibition the need for additional revenue led to the inauguration of a system of fiscal monopolies, two of which affected American exports.

In 1923 the attention of the world was challenged by the passage of a " dry law " in Turkey. On January 2 of that year the Grand National Assembly passed a law forbidding the manufacture, importation, sale, and consumption of all alcoholic beverages in Turkey beginning October 7. The Turkish action had an entirely different significance than at first sight appears when it is recalled that Moslems had always been nominal abstainers from alcoholic drinks in conformity with the injunction of their religion. The previous imports of alcoholic beverages were largely for the use of non-Moslems, for the Turks' favorite drink is raki. Obviously then the passage of the law was not the result alone of a desire to prevent the use of intoxicating drinks. A plausible suggestion attributed the action to a desire to prevent or at least to restrain disorders and possible counter revolutions among the discharged soldiers. By some it was feared that the action marked the beginning of the nationalization of all industry. That idea was vigorously denied, however, by *l'Économiste d'Orient,* which asserted that the whole purpose was fiscal. Whatever the motive, the law was scarcely enforced. Stocks on hand were consumed freely, there was much corruption and the Government lost a great deal of revenue. As a result the prohibition law was abolished April 11, 1924. Provision was made for the establishment of a State monopoly, and the Ministry of Finance issued a decree forbidding the importation of alcohol. On June 1, 1925, a State monopoly was established on the importation, manufacture, and denaturization of alcohol, the sale price to be fixed by the State. In March, 1926, the monopoly was ceded to the Turkish *Iş Bankasi* which was associated with a Polish group for the exploitation of the concession. The contract provided that the concessionaires erect distilleries and bottle factories in Turkey and share the profits of the enterprise with the Government. That project failed to materialize, however, so the Government was compelled to assume the monopoly and is still operating it.

The duties of 1929 on alcohol and liqueurs have been raised many fold over the former rates, and while it is asserted that the Turkish people are consuming more alcoholic beverages than ever before the drinks are mostly the product of native distilleries. Consequently the American trade in rum which started over a hundred years ago has definitely and finally ceased.[14]

A second Turkish fiscal monopoly involving American interest was that instituted on oil in January, 1926. A law reserving to the Government the right of importing, purchasing, and selling petroleum and benzine was approved by the Grand National Assembly in that year. It quickly developed, however, that the Government lacked the facilities and experience as well as the capital to distribute the monopolized articles. Shortly after the law became effective the nation's stocks of petroleum and benzine were depleted and, what was more serious, irreplaceable. The situation was especially severe in the interior where prices soared to $10.60 for a five-gallon can. In many places it could not be purchased for any price and farmers were unable to operate their tractors. The Government then realized that large revenues depended on large sales which in turn depended upon proper facilities for merchandising. In an effort to solve the problem the terms of the monopoly were modified and a contract was made with the Standard Oil Company of New York which had long operated in Turkey and was the largest foreign oil concern in the country. The Company agreed to administer the petroleum monopoly for the account of the Government, receiving a commission based on sales. Further modification in the same year permitted the free importation of petroleum provided the bills of lading were made to the order of the monopoly administration. Upon the arrival of the goods the consignee then paid the monopoly tax and received his bill of lading, cleared his goods, and disposed of them freely. In short, there was no longer a Government monopoly in the strict sense of the word but rather an additional consumption tax collected at the source. While the new tariff reduces the import duty on crude and unrefined mineral oils, the rate on gasoline, kerosene and other refined products is increased from approximately $1.20 per 100 kilos to $6.35.

The imports of American mineral oils in the Turkish market have fluctuated with Russian and Rumanian competition. In the third quarter of the nineteenth century American exports of mineral oils, which were used almost exclusively for illuminating purposes, were valued at more than a million dollars annually. But when the Russian and Rumanian wells were opened about 1885 their proximity to the Turkish market gave them a price advantage which offset the inferior quality of their product. As a result about 73 per cent of the Turkish oil consumption was furnished by the Russians, the remainder being supplied by Rumanian sources. In the postwar period American producers again entered the field while production was restricted in Russia due to political insecurity. At that time the Standard Oil Company spent a large amount of money in constructing depots capable of storing 50,000 tons of fuel oil. Their activity placed them in the lead, 50 per cent of the oil consumed being supplied by that organization. Following the revival of Russian competition American exports began to decline in 1922, until by 1926 it was estimated that the Soviet Russian Company operating in Turkey controlled 65 per cent of the business. The prospects therefore of any extensive increase in this phase of American export trade with Turkey are very remote, the more so since most of Standard Oil's supply comes from Rumania and Russia.[15]

The Turkish Market for American Capital Goods

No further discussion is needed to demonstrate the fact that the economic policy of new Turkey aims to close the markets of that country to consumption goods which it is believed can be produced domestically or the use of which can be eliminated. The present tariff policy is augmented by a law to encourage industry, as well as by a patriotic campaign appealing to the citizens of the country to use only Turkish products. Such being the case, what are the future prospects for increasing the exports of capital goods such as agricultural machinery, industrial machinery, and manufactures of iron and steel?

There is a pressing need for machinery of all kinds in Turkey. The use of hand power is altogether too prevalent, resulting in the retardation of economic progress. In 1927, for example, there were only 15,711 agricultural machines such as tractors, mowers, harrows, seeders, reapers, and threshers in all Turkey.[16] As agriculture develops more machines will be essential, and the more machines are used the more rapidly agriculture can develop. In the industrial establishments of the country the use of hand power is all too general, there being only 4,850 engines to supply motor power.[17] There is no iron or steel industry in Turkey, hence all railway equipment must be imported. Not only is the present need great, as these figures indicate, but it will increase in the future, for if Turkey is to prevent the importation of consumption goods then it will be necessary to import the needed machinery to manufacture those goods. Under these circumstances sound policy decrees that such machinery should be admitted free. Examination of the new tariff law shows that this principle has received recognition, the rates for the most part being nominal. It is encouraging to find that agricultural machinery is exempt from all customs duties, yet the new Government has only followed a policy instituted by the Imperial Ottoman Government many years ago.[18] It should be added, however, that the present exemption is much more significant than in former days, since the new rates are so much higher than under the old *ad valorem* system. The import duties on steam locomotives and stationary engines are merely nominal. Electric motors pay from $19.25 down to $1.95 per 100 kilos, declining as the weight of the motor increases.[19]

In looking to the future it must be recalled that American manufacturers of agricultural machinery have long held the lead in supplying the Turkish market. There is no past trade upon which to base an opinion of the probable development in the exports of industrial machinery, but the latest figures show that the volume of trade in that group is increasing. Indications point to the United States as the future leading exporter of automotive equipment, agricultural machinery, and industrial machinery and equipment of all kinds. In the future development of Turkish-American trade the United States will therefore be primarily an exporter of capital goods which will be instrumental in bringing about an agricultural and an industrial revolution in modern Turkey.

Summary and Conclusions

Prior to the War the United States was essentially an exporter of agricultural and extractive products, consequently there was no real basis of trade with Turkey. As the exportation of American manufactured goods gradually developed, those products first entered other foreign markets. Although the volume of manufactured exports to Turkey steadily increased in the early part of this century, the expansion was hampered by severe competition on the part of European manufacturers who were strongly intrenched in the Turkish market. The present basis of American export trade with Turkey therefore rests not only on the difference in stages of economic development between the two countries but also on the ability of American manufacturers successfully to compete with their European competitors in the markets of Turkey.

In 1928 50 per cent of American exports to Turkey were capital goods and 33 per cent were consumption goods. The most important capital goods exported are automobiles, which less than twenty-five years ago were forbidden in Turkey. Today American cars dominate the market. Sixty-five per cent of Turkey's automobile imports are trucks, and most of the passenger cars are used chiefly for commercial purposes. There is an urgent need for automotive equipment in modern Turkey, and since the new tariff favors light-weight, medium-priced cars American sales will certainly increase.

The United States has never had a permanent market for consumption goods in Turkey. Recent determined efforts on the part of the new Government of Turkey to supply its own consumption goods have already reduced imports of such commodities and will reduce them still more in the future.

Due to the lack of machinery of all kinds and to the desire to build up manufacturing industries in the country there is a pressing need for machinery in Turkey. It is therefore encouraging to find that the Government has recognized the need by permitting agricultural machinery to enter duty free and by levying comparatively low rates on most other types of machinery. Indications point to the United States as the future leading exporter of automotive equipment, agricultural machinery, industrial machinery, and equipment of all kinds. As a result America will play an important part in the impending agricultural and industrial revolution in Turkey.

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4. For a translation of the contract from the original Turkish which appeared in *Turkiye Cumhuriyet Resmi Gazete* (Official Gazette of the Turkish Republic) on February 14, 1929, I am indebted to MR.

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7. *Loi Tarif,* pp. 30–34.
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9. *Commerce Reports,* November 5, 1923, p. 355.
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13. *Loi Tarif,* p. 52.
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15. A digest of the material concerning the petroleum monopoly is contained in *Special Circular* No. 283 issued by the DEPARTMENT OF COMMERCE and prepared by MR. GILLESPIE. The law instituting the monopoly was published in *La Législation Turque,* Tome IV, pp. 108–111. Considerable material concerning the monopoly appeared from time to time in *l'Économiste d'Orient,* especially January 25, 1926, p. 28; February 25, 1926; and September 25, 1928, p. 357.
16. *Recensement Agricole, op. cit.,* p. XXXII.
17. *Recensement Industriel, op. cit.,* p. IV.
18. In a special *Consular Report on Tariffs of Foreign Countries* published by the UNITED STATES BUREAU OF FOREIGN COMMERCE in 1899 it was stated in Vol. XVI, p. 770, that agricultural implements imported directly by farmers in Turkey and all machinery imported for the original fitting out of a factory started under concession from the Imperial Government were exempt from the import duty.
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PART III

POLITICS AND ECONOMICS IN TURKISH AMERICAN RELATIONS

VII

Turkish American Trade in English Ships

Factors Affecting Turkish-American Trade

In principle there is no difference between domestic and foreign commerce. In both cases trade is based upon the exchange of surplus products between specialized groups and specialized areas which results in greater gain for both parties. This principle operates whether the exchange consists of Massachusetts cotton goods for Minnesota wheat or Michigan automobiles for Turkish tobacco. Yet in practice there is considerable difference between domestic and foreign commerce.

An important difference is to be found in the nature and extent of transportation facilities. A unified and frequent railway service owned and operated by compatriots under the surveillance of the Federal Government eliminates the barrier of distance between Massachusetts and Minnesota but in the case of Michigan and Turkey one thousand miles of land and five thousand miles of water separate possible traders. For many years that extensive barrier was bridged only by irregular and uncertain shipping service supplied by foreign owners, in many cases subsidized by a government committed to a policy of commercial diplomacy. Moreover, for a number of reasons Turkey itself lacked adequate railway facilities and such as were in operation were owned and controlled by foreign concessionaires.

The Constitution of the United States forbids interference by the States in interstate commerce. Consequently the exchange of commodities between Massachusetts and Minnesota is free and unhampered so that the economic gains of specialization are not lost. In international trade, however, governments restrict commerce by levying import duties designed to yield revenue or to protect certain domestic industries. Protective tariffs are the most serious for they interrupt and in some cases completely prevent the normal flow of trade. As a consequence the economic gains flowing from international specialization are reduced or eliminated. In past years the Government of the

United States has been the chief offender in this respect, but now that Turkey is no longer under the control of the capitulatory régime the Government of the Republic is following the American example in levying extremely high duties upon the importation of merchandise for the purpose of developing industry in the country.

Sometimes as a result of war or efforts at sanitation or for still other reasons governments absolutely forbid trade in certain goods. As an illustration, the United States has restricted the importation of opium and at times has completely forbidden the entry of rags and paper waste. On the other hand, Sultan Abdul Hamid's fear of revolution led to many restrictions which not only hampered trade but retarded the economic progress of his Empire.

Merchants in Massachusetts and Minnesota carry on their trade without any formal governmental sanction, knowing that in case of disputes settlement will be effected by State or Federal Courts. But the Michigan automobile manufacturer and the Turkish tobacco merchant need a treaty to regulate their commerce. Consequently the governments of the two countries must establish treaty relations and exchange governmental representatives.

Under the Federal Reserve banking system domestic payments are easily made without a problem of exchange, but international trade is complicated by the necessity of exchanging Turkish liras for American dollars. Since there is no international bank, it has been necessary in the past for American merchants to depend upon foreign banks which in too many instances have been regarded as national rather than international assets. The problem of credit expansion also is far simpler in domestic trade where the facilities for obtaining credit information are more complete and satisfactory.

Competition is found in all trade and in these days of extensive international mergers it is no longer a rivalry between friends and neighbors. It now assumes the form of international competition or of competition between huge international industrial groups. The former type has for years characterized efforts to win favor in Turkish markets.

There are other differences between domestic and international trade involving conflict between nationalities, language, religion and customs. While these differences may be less tangible than those already cited they are probably far more important since they give rise to commercial policies fundamentally opposed to the principle of economic specialization.

The following chapters in Part III will treat the more important of these factors in relation to their past and present effect on the commercial and political relations of the United States and Turkey.

The English Shipping Monopoly in the Levant

The economic principle to which reference has been made is known as the doctrine of comparative advantage. In an economic world recognizing that principle each nation would specialize in producing those goods and services for which it was best adapted, exchanging its surplus production for the commodities required for its complete economic life. Under such a system the United States would exchange automobiles for Turkish tobacco and the merchandise would be carried in English ships. Such actually was the case for many years, but the results to which that international arrangement led were entirely different from those anticipated.

A survey shows that the shipping service between the United States and Turkey has passed through four cycles. From the days when commercial relations were inaugurated down to about 1870 American sailing vessels carried all or nearly all of the merchandise exchanged between the two countries. With the advent of steamships and the final elimination of commercial sailing vessels, English shipping companies surpassed American and all trade was carried in their ships. At the turn of the century the shipping monopoly which the English companies had long enjoyed in the Levant was broken. Then followed a period of transshipment service provided chiefly by German, Italian and French companies. Finally the War led the United States to construct an extensive merchant marine. Upon the cessation of hostilities the new American ships formed the basis of a new merchant fleet, part of which was used to reopen direct service between New York and Near Eastern ports.

The uneven and slow development of Turkish-American trade was to no small extent the result of dependence on foreign, particularly English, ships. By 1885 the English monopoly of shipping service in the Levant was complete. Forty per cent of Turkey's exports and imports were carried in English bottoms [1] and English shippers controlled 90 per cent of the carrying trade between Turkey and the United States.[2] As a result of that situation the volume of American exports to Turkey declined markedly as shown by the evidence presented in table 2. While the financial stake involved in the American export trade with Turkey was so small as to preclude the possibility of any serious economic loss, nevertheless the possibility of extending the trade and the injured pride of those interested in it gave rise to numerous demands for the establishment of direct shipping service. The reports of American Consuls regularly emphasized the need for such service. It was pointed out that in many cases Turkish importers preferred American goods but that it was physically impossible to secure them. Moreover, if American goods were demanded the contract would no doubt be lost for an order on London could be filled much more quickly than one on New York.[3]

In response to the repeated and urgent requests of American Consuls and commercial interests in Turkey the Barber Steamship Company of New York inaugurated direct service in February, 1899, between New York and the principal Turkish ports.[4] Among the immediate results of that action were a substantial reduction in freight rates between Turkish and American ports, an increase in the annual value of American exports to Turkey, as well as an increase in the total volume of trade, and finally the precipitation of a "rate war" between the Barber Company and the British "shipping ring" which quickly resulted in the elimination of the American company. Among the permanent results were the elimination of the British shipping ring in the Levant and the opening of additional shipping lines between Turkey and the United States by other foreign companies, as well as American companies, with resulting permanently lower freight rates.

The new competitor caused consternation among the English companies while its service seriously affected their commerce and profits. In its issue of October 19, 1899, the *Levant Herald*, an English newspaper published in Salonica, warned its compatriots that

> the establishment of regular shipping service . . . has powerfully contributed to the development of commercial relations between this port and the United States . . . British manufacturers must look about them if they do not wish to be completely ousted from this market.[5]

The advice given by the *Levant Herald* was quickly translated into action.

Smarting under the loss of trade and fearing the possible loss of their monopoly in the Levant the British steamship companies quickly accepted the challenge of the Barber lines by declaring a rate war. All of the power of the famous shipping ring was concentrated on the one objective of driving out the Yankee intruder who had dared to question English supremacy. The methods adopted by the monopoly have been characterized as a sort of maritime slugging.[6] The Shipping Ring was composed of the Cunard, Moss, Leyland and Papayanni Companies which agreed on an immediate cut in freight rates amounting to about 35 per cent. Such action was ineffective, however, for the American Line inaugurated its service with a rate schedule ranging from 25 to 35 per cent below that maintained by the English companies. It became necessary therefore to resort to other measures. Nearly all of the exporters from Turkish ports who shipped goods to the United States also shipped large consignments to various ports in England. Taking advantage of that situation, the English combination served notice on its exporters that a sharp discrimination would be made against their goods shipped to England unless their shipments to the United States were given to one of the English companies.[7] For two years the bitter struggle continued but the outcome was never in doubt. The superior strength and organization of the English combination was too much for the single American competitor and in January, 1902, it was announced that "the line of steamers between New York and the Levant has been discontinued, owing to failure to secure outward cargo." [8] The British shipping ring had effectively met the Yankee challenge!

But the victor of the rate war was deprived of the full fruits of victory. German and Italian shippers had been watching the British-American struggle and were convinced that a profitable trade awaited development between Turkish and American ports. The Hamburg American and Levante steamship companies were the first to open a line between New York and

Constantinople. The new company was known as the *Deutsche Levante Linie* and offered transshipment service *via* Hamburg. The *Florio Rubbattino* lines also were extended so as to provide service between New York and Constantinople with transshipment at Naples.[9] As a result of that new competition the British companies were unable to advance their rates back to the old high levels. Consequently, the lower rates instituted by the Barber Company remained effective to the advantage of American commerce. Statistics show that the volume of Turkish-American trade continued to expand during the period of dependency on transshipment service but the nature of the trade was altered owing to the inability of such bulky goods as flour and coal to bear the cost of transshipment.

The German and Italian action was emulated by two Greek companies. In 1907 the Moraitis Steamship Company opened a direct line between New York and Smyrna but the service was not long continued.[10] In October, 1909, the Hellenic Transatlantic Steam Navigation Company established direct monthly service between New York and Turkish ports. Their action was largely in response to the inducement of a special commercial agent of the United States Government.[11] Shortly after the inauguration of the new line its service was interrupted by a stevedore strike in Smyrna which was part of a general boycott against Greek commerce. Direct service was resumed in November, 1911, following the cessation of the Turkish boycott but again was interrupted by the Balkan Wars.[12]

Finding its business severely handicapped by the lack or irregularity of transportation facilities, the American licorice root importing firm MacAndrews and Forbes sponsored a new line in 1912 offering direct service between New York, Philadelphia and Turkish ports, especially Smyrna. While it was primarily a private line, it did advertise to carry general cargo. Although sponsored by an American firm it was an English company and during the War was acquired by the Cunard Lines and the ships commandeered by the British Government.[13]

The first real direct steamship line with regular schedules affording both passenger and freight service between New York and Levantine ports was established by the Hamburg American line April 15, 1914. The new service was hardly well established, however, before the outbreak of the War stopped it as well as all direct shipping connections.[14]

Following the cessation of hostilities in 1918, American and foreign shipping companies vied keenly with one another in the opening of new direct routes between America and Near Eastern ports. In the three years from 1919 to 1922 no less than seventeen new lines were opened. Important among the group was the United States Shipping Board, which in 1922 transported 60 per cent of all American cargoes shipped to Constantinople.[15] Oil burning ships were used and the duration of the trip was shortened to nineteen days which was much less than the time required by competitors using coal burning ships. During that period the new American service again fell victim to practices of unfair competition and it was only through the vigorous action taken by the American High Commissioner to protect the shipping interests of his country that they were enabled to remain in the field and compete successfully.[16] The Turco-Greek War and the general depression which began in 1921 were the chief factors in causing the withdrawal of many ships from the Levant service, leaving only the American Export Lines and the French Fabre Line offering direct service between New York and the Levant in 1928.

Shipping Facilities as National Assets

In considering the importance of ocean transportation facilities in the Turkish trade it must be remembered that Turkey was formerly a very important market which the leading European nations had preëmpted. Of equal if not greater significance was the fact that political aspirations governed the actions of the powers. England particularly regarded the commerce with Turkey from the standpoint of political strategy as well as economic advantage. Hence, the determination to keep the commercial door to Turkey closed is better understood. One method of accomplishing the aim was for government subsidized shipping lines to charge excessive rates on eastward cargoes of competitive goods. By those means competitive goods were kept out of the Turkish market and the shipping companies made their profits by hauling Turkish consumption goods to England and America, carrying needed American cotton, wheat and so forth to England on the return trip and then transporting English manufactured goods back to the Turkish market. In that way the latter market was assured to English manufacturers whose taxes helped to subsidize the shipping service. That such was the method adopted by the British monopoly is borne out by considerable evidence. Upon the remarkable decline of American exports in the 1890's to an insignificant figure, the American Consul at Smyrna assigned as the chief reason the excessive freight rates purposely charged by English shipping companies.[17] Additional evidence that American exporters had been required to pay prohibitive rates is found in the fact that on the advent of the Barber Line rates were greatly reduced and continued at the new low levels during the era of transshipment service. The latter evidence is the more conclusive for a temporary reduction of freight rates might have been attributed to the rate war. As an indication of the extent of the reductions, the new rate on general merchandise from New York to Constantinople was $4.26 per ton compared with the old rate of $9.73 [18] per ton and the reductions were even more substantial on bulky shipments. In 1897 the freight rate on general merchandise from New York to Beirut was $12.20 per ton while the rate in 1899 *via* the Barber Line was $7.90.[19] In general, the reductions amounted to as much as 25 to 35 per cent and as a result Minneapolis flour and the " beer that made Milwaukee famous " became common in Turkish markets. The value of total American exports to Turkey in the fiscal year 1896–1897 amounted to $72,732 while the value of flour exports alone in 1899 reached the total of $189,184. Anthracite coal was also exported to Constantinople in successful competition with bituminous coal from England. Both American coal and flour were preferred by Turkish consumers and temporarily ruled the market.[20]

That such practices as those followed by the English Companies were not uncommon nor confined to English shippers is demonstrated by the fact that the subsidized German shippers working in conjunction with German railways to increase the export trade of their country granted " unusually low export rates on shipments to the Levant . . . *via* the German Levante Line . . . on through bills of lading." [21]

Following the cessation of direct service, American coal and flour were no longer able to compete in the Turkish markets owing to the greater cost of transshipping such bulky products. But bulky products alone did not suffer from the necessity of transshipment. German commercial interests were no more eager to see the expansion of American export trade with Turkey than the English. Consequently,

> instances of American goods being left over at Trieste for weeks because the particular line of steamers connecting with the transatlantic concern in question is subsidized and gave preference to Austrian goods are as numerous as at Hamburg.[22]

It has been said that " 95 per cent of America's success in the Levant depends on direct steamship facilities " and that " since Turkey produces almost nothing to compete with American and European manufactured goods, the competition for the trade of Turkey is, as far as we are concerned, a competition with the manufacturers of Europe and the transportation companies."[23] American producers have demonstrated their ability successfully to compete with European manufacturers but in the past American shipping companies have been far less successful in their competition with European lines. The chief reasons for the failure of American shipping service in the past have been the methods of competition resorted to and the fact that " steamship lines and cables are not looked upon as international public utilities but as national assets. It is certain that their control has frequently been used to the advantage of the country that controls them."[24]

An idea of the relation between the availability of direct low cost transportation facilities and the volume of trade is indicated in tables 14, 15 and 16. The first table shows the proportion of United States exports shipped *via* American vessels as compared with foreign ships. Recalling the total trade statistics for the years 1830 to 1930 as set forth in tables 2 and 7, it is seen that American exports expanded slowly but steadily with some fluctuations up to 1887. There was then an unusual drop with the exports continuing very small until 1899, although the normal trend would have been upward. In 1899 there was a noticeable increase coincident with the opening of direct service at reduced rates by the Barber Steamship Company. A slow but steady and substantial development followed the opening of the transshipment lines, while trade since 1922 with direct shipping service has expanded in spite of the fact that the country is smaller.

TABLE 14

PROPORTION OF AMERICAN EXPORTS TO TURKEY SHIPPED IN AMERICAN AS COMPARED TO FOREIGN BOTTOMS [1]

Year [2]	American Ships	Exports *via*		Total [3]
		Foreign Ships	Land	
1829	$ 27,600	$ —	$ —	$ 27,600
1862	400,704	43,693	—	444,397
1872	716,222	493,221	—	1,209,443
1882	—	1,829,166	—	1,829,166
1892	—	206,292	—	206,292
1902	200	774,027	—	774,227
1911	405	3,924,856	340	3,925,601
1920	22,264,471	18,945,766	62,560	41,272,797
1922	9,240,935	5,107,502	7,895	14,356,332
1928	2,084,000	2,020,000	—	4,111,000 [4]

[1] *Commerce and Navigation* for years shown.

[2] Years ending June 30 up to 1920; calendar years thereafter.

[3] Some of the totals do not include exports in transit or transshipment.

[4] Includes $7000 *via* parcel post.

Table 15 shows the exports of ten leading countries as well as the number of direct steamship lines from each country to Turkey in 1907. Taking into consideration the railway facilities

TABLE 15

VOLUME OF EXPORTS FROM TEN LEADING COUNTRIES TO TURKEY IN 1907 AND NUMBER OF DIRECT STEAMSHIP LINES FROM EACH COUNTRY TO TURKEY [1]

Country	Exports to Turkey	Number of Direct Ship Lines
England	$39,578,442	6
Austria	22,816,051	2 [2]
Germany	19,452,692	2 [2]
Italy	15,208,000	4
France	11,189,368	4
Russia	9,336,950	7
Belgium	6,066,183	5
Rumania	3,500,000	6
Bulgaria	2,055,000	10
United States	1,742,728	1
Other countries	10,000,000	

[1] *Monthly Consular and Trade Reports*, No. 349, 1909, p. 39.

[2] In addition to ocean transportation these countries had railway facilities.

TABLE 16

NUMBER AND NATIONALITY OF VESSELS CLEARED AT CONSTANTINOPLE IN 1926 AS COMPARED WITH 1908, A TYPICAL PREWAR YEAR [1]

Nationality	1926	1908
Italian	450	260 [2]
British	227	318
French	202	276
Rumanian	200	158
German	102	266
Dutch	87	24
Bulgarian	78	148
Russian	62	368
Greek	49	1,084
American	27	1
Other countries	88	66
Totals	1,572	3,259

[1] WOODS, H., COLONEL, COMMERCIAL SECRETARY, HIS MAJESTY'S EMBASSY, DEPARTMENT OF OVERSEAS TRADE, Constantinople, *Report on Economic and Commercial Conditions in Turkey*, May, 1927, p. 13.

[2] The Italian fleet was augmented by the transfer of the Austrian Lloyd Lines.

which German and Austrian exporters had at their disposal in addition to ocean transport the correlation between the five leading exporters and the number of direct steamship lines is striking.

The full significance of table 16 which shows the number and nationality of vessels cleared at Constantinople in 1926 as compared with 1908 is only revealed by comparing it with the table immediately preceding as well as table 10 in Chapter IV. It is seen that Italy, with a remarkable increase in shipping service, ranks first among the exporters of goods to Turkey. English exporters, with a drop from the number of ships at their disposal in 1908, have fallen into second rank in the volume of their exports to Turkey while France and Germany practically share the fourth position. Perhaps even more outstanding is the American advance in shipping service from one vessel in 1907 to twenty-seven in 1926 and the coincident increase in the volume of exports which has continued to expand since that time.[25]

Summary and Conclusions

The foregoing survey of ocean transportation facilities between the United States and Turkish ports leads to some definite conclusions. It has been shown that an important difference between domestic and international trade lies in the dependence of traders on ocean transportation facilities which are often controlled by foreign companies who use them as competitive weapons. American shipping service to Turkey has passed through four distinct cycles in the course of which exports from the United States have shown a marked tendency to increase when direct American service was available and to decline when dependent on foreign direct or indirect service. The greatest decline occurred and continued during the twenty-year period when four English shipping companies enjoyed a monopoly of the Levant trade. In recent years American exporters have had the advantage of direct service at competitive prices. Trade has increased and continues to increase in the face of a diminution in the territorial size of Turkey and an extreme economic depression which has retarded commerce with that country. While there are obviously other factors involved, the question of shipping facilities is one of prime importance and as long as such facilities are regarded as national rather than international assets the principle of comparative advantage cannot fully operate.

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VIII

Turkey's Foreign Built Railroads

The Prewar Railway System of Turkey

Although the first railway project for Turkey was considered in 1836 when American railway development was just beginning, it was not until 1856 that a concession was granted to an English Company for the construction of a short line between Smyrna and Aydin. That railway penetrated the fertile Büyük Menderes river valley and has played a large part in the economic development of that region. For that reason it is one of the few railroads in the country which, though granted a kilometric guarantee, did not require such assistance and the right was eventually waived. In fact, the prosperity which it enjoyed resulted in subsequent extensions which have lengthened the line to 367 miles.

The second railroad to be built in Turkey is known as the Smyrna Kasaba railway, which connects Afyon Karahisar with the port of Smyrna, proceeding through the rich valley watered by the Gediz river. The original concession was granted to an English Company in 1863, followed by additional concessions in 1873 and 1879. In 1893 the concession was transferred to a Franco-Belgian Company which continues to operate the line, now 425 miles in length. Like the Smyrna Aydin railway, the main portion of the Smyrna-Kasaba line, though given a guarantee, did not require it. The eastern extension from Alaşehir to Afyon Karahisar, however, has been operated under a kilometric guarantee.

The basis of the Anatolian line was begun in 1871 with the construction of a short section from Haydarpaşa to Izmit. In 1880 a concession for the operation of that line was given to an English company but it was cancelled in 1888 and transferred to a German group which was given an additional concession for the construction of an extension to Ankara. Subsequently, the line was extended to Konya and in 1903 arrangements were made for the construction of the Bagdad line from Konya to Yenice. The project anticipated railway connections between Constantinople and Bagdad, but the line was never extended beyond Nusaybin.

These three lines comprised the major part of the railway system which the Republic of Turkey inherited from the Ottoman régime. Their total length was 2,544 miles, of which 257 were narrow gauge. For a nation comprising 294,416 square miles of territory such transportation facilities were certainly inadequate. The meagerness of the system is demonstrated by the fact that more than half of the country was without railway lines while those constructed were almost entirely in the western part of Anatolia. Moreover, with the exception of a part of one line, all of the railways had been built and financed by foreign capitalists, chiefly French, Austrian, German and British. The prewar investment of foreign capital in Turkey's railway system amounted to $170,070,828. In many cases the roads had been designed primarily for military purposes and only secondarily for economic usefulness with the result that the concessions provided for the payment of kilometric guarantees by the Government.

Meager Mileage Hampers Commerce

The meager development of railway communication in Turkey and the fact that such transportation facilities as did exist were owned and operated by foreign concessionaires seriously retarded the economic development of the country. In modern economic life adequate transportation facilities are absolutely essential. Specialization depends on the extent of the market and the extent of the market in turn depends on the extent of transportation facilities. Nature has created three great specialized producing areas in Turkey, yet the advantages have never been fully realized owing to the lack of communication between them. As a result it was more economical for the people of Constantinople to buy their wheat, flour and coal in the United States, paying for transportation over thousands of miles, rather than to buy those products in Anatolia, for the primitive transportation facilities made the cost of shipment prohibitive. Even now the lack of communications results in the burning of straw for fuel in eastern provinces while western provinces need it badly.

The undeveloped state of transportation facilities in Turkey has retarded the development of the country's foreign trade directly and indirectly. Since it was practically impossible to move any surplus production to market there was no incentive for the farmers and planters to produce more than enough to meet their own and local needs. In the case of such commodities as could bear the expense of shipment much of the economic gain was lost by the slowness and expense of the facilities available. Bulky products were almost entirely eliminated from commerce. Consequently the nation's valuable minerals and forest resources were unexploited and remain so today. With European nations controlling Turkish import duties, it is doubtful if any industry involving the manufacture of iron, steel or other metal trades would have developed even with adequate transportation facilities. But ability to move minerals and timber to the seaboard could easily have resulted in the development of an advantageous export trade. The fact that in 1920 it was estimated that the rich territory comprising modern Turkey yielded only one-twelfth of its potential production can be attributed in large part to the absence of transportation facilities.

Postwar Railway Policy

In 1921 the American Trade Commissioner expressed the opinion that adequate transportation facilities were probably the greatest need of the interior of Turkey. The Government of the new Republic did not fail to realize that pressing need and stuck out boldly to develop an adequate transportation system. Recognizing its own financial inability quickly to extend the desired network of railroads and highways and yet realizing that an adequate transportation system was the keystone of economic prosperity and of political solidarity, it was decided to resort to the dangerous concession method. It was believed, however, that the risk of foreign economic and political control involved in such a system was offset by the advantages to be gained. Also the danger was believed to have been reduced to a minimum by awarding the contract for railway construction to a group of American capitalists, for it was believed that only American capital was lacking in political ambition.

An American group headed by Rear Admiral C. M. Chester had instituted negotiations for a railway and oil concession in 1908. Negotiations had proceeded almost to the point of ratification in 1911 when the opposition of European Powers and the financial inability of the Americans to carry out the proposed project resulted in the suspension of discussions. In the postwar scramble for concessions and economic rights in what remained of Turkey, the reorganized American group under the corporate name of The Ottoman-American Development Company resumed negotiations which resulted in the granting of a concession by the Grand National Assembly on April 9, 1923. The terms of the concession were tremendous in their scope. The contract called for the construction of 2,625 miles of railway which with auxiliary enterprises involved an estimated expenditure of $300,000,000. In place of the old method of giving a kilometric guarantee the Government of Turkey granted to the Company full rights for the exploitation of all mineral resources, including ores, mineral water, oil, sand and stone, found within twelve miles on either side of the railway. The fundamental contract provided that 1,225 miles of railway be built within two years while the Company was given six months in which to decide whether it would accept the proposal to construct an additional 800 miles of trackage mentioned in the supplementary contract. There was a third part to the concession which granted to the Company a seven-year option for the construction of 660 miles of railway. Although the life of the concession was ninety-nine years there was a provision under which the Government might acquire the railway system after thirty years.[1]

In addition to the railway and mining concession a contract was signed by the Turco-American Corporation, a subsidiary of the Ottoman-American Develpoment Company, which termed itself " Contractor to the Government of the National Grand Assembly of Turkey." The Turco-American Corporation agreed to organize still another company for the importation of agricultural implements, the establishment of repair stations and the training of Turkish youths in return for a governmental guarantee of annual sales amounting to approximately $250,000.

The effect produced upon the country by the granting of those two contracts was startling.

> Every merchant and villager in Anatolia at once pinned absolute faith on the Chester project, believing that the American nation as a whole was behind it. The expectation was that within three years new railroads would be running, new agricultural machinery would be on every farm and prosperity reigning throughout the country. An unhealthy mood of over optimism seemed to sweep the country.[2]

Consequently the failure of the concessionaires to carry out their contract was more tragic from the Turkish standpoint than is generally realized. Hopes had been built very high and there was unlimited confidence in the Americans' ability to execute the Herculean task. A year of valuable time was lost before it was fully realized that the builder of the Panama Canal who was associated with the Ottoman-American Development Company would not participate in building the railroads of Turkey. The rude disillusionment unfortunately colored Turkish policy towards foreign capitalists to such an extent that all subsequent proposals involving construction work were viewed with such extreme scepticism and held up to such severe terms that only two or three important contracts have been let since that time. The Government was determined that there should be no repetition of the Chester bubble.

Government Ownership and Operation

A year had passed and Turkey did not have a single line of new railway. At that point the Government adopted a new policy which eliminated the concession method of construction and operation of its railway system. The basis of that policy is found in the law of March 23, 1924, which provided that the Government would construct new railways, acquire existing lines and operate the entire system as a unit. Since that time the State has laid down 640 miles of new track and has 680 miles under construction. The completed lines connect Ankara with Samsun *via* Kayseri and Sivas, Kutahya with Tavșanli and Fevzipașa with Golbași. The lines under construction will unite Ulukișla and Kayseri, Irmak and Filyos, Tavșanli and Balikesir and Golbași and Erganimadeni. In addition to the above construction the State has reconstructed one hundred miles of railway between Ankara and Eskișehir which was destroyed during the war with Greece. The major part of the construction work is being done on a contract basis by Swedish and German engineers with a small proportion being constructed by native contractors with government assistance. At the present time, therefore, the total railway mileage in Turkey is 3,219 with 680 miles under construction. Of the 3,219 miles now in use, 1,532 are being operated by the State, with the remainder still being owned and operated by private companies until such time as the Government is financially able to acquire them.[3]

The transportation policy of the Republic contemplates the eventual acquisition of all existing lines. Thus far, the State has acquired and is operating 1,092 miles of trackage formerly privately owned. That addition consists of the Anatolian railway and that portion of the Bagdad line from Konya to Yenice. Following the evacuation of the Greek and British armies, the Anatolian road came under control of the Turkish Government on September 25, 1923. The State claimed the right of repurchase which was authorized by the Grand National Assembly on April 22, 1924, but complicated negotiations delayed a final accord until January 5, 1929, when the line finally came under the control of the State. The status of that portion of the road from Konya to Yenice is still unsettled. Following the loss of Syria and Irak the Bagdad line was split into two sections, one of which ran from Konya to Yenice, the other from Yenice to Nusaybin. Under the terms of the Versailles Treaty the German *Deutsche Bank* turned over 13,510 shares of stock to the Allied Reparations Commission which still holds them pending their final disposition. In the meantime, that portion of the line and the Anatolian line are operated as a unit.

The striking feature of the Turkish achievement is that the acquisitions and additions are being financed almost entirely out of current revenue and without recourse to foreign borrowing. The railway appropriation for 1924 was £T11,000,000, representing slightly more than 6 per cent of the total budget, whereas the appropriation for new construction in 1928–1929 was £T29,000,000, representing 14 per cent of the budget. The necessity of making payments on the Public Debt will reduce the appropriations for railway extension in the future, however, and retard the economic development of the country. The entire expenditure for new construction in the past five years has been £T91,300,000. Actually the amount spent is larger, for there has been an issue of treasury bonds to pay for certain constructions by foreign contractors, of which only the cost of annual service appears in the budget. The national budget for 1929 and 1930 provides for £T33,705,976 for all public works out of a total budget of £T220,408,481. The appropriation for public works is the second largest item in the budget, being exceeded only by the appropriation for national defense, which amounts to £T63,771,542. The third largest item in the budget is £T32,189,861 for the Public Debt, making a total for defense, public works and debt service of £T129,667,379 or practically 60 per cent of the total budget.

The achievements of the Turkish Government in building and acquiring railroads only marks the beginning of a comprehensive program of public works which has been planned for twelve years in advance and is incorporated in a law passed February 5, 1929. That law appropriated £T240,000,000 for the construction of railways, ports, breakwaters and for irrigation and reclamation projects. For the latter, £T100,000,000 are appropriated at the rate of 8,333,000 a year for development of the fertile Cilician and Konya plains and in the areas about Bursa, Smyrna and Antalya. For railway and port construction, £T140,000,000 were appropriated to be spent at the rate of 11,666,000 liras per year in the construction of 500 miles of railway and for the development of the ports of Ereğli, Mersin and Samsun. The law provides that the annual receipts of the tobacco, match and alcohol monopolies estimated at £T31,850,000 for the current fiscal year shall be deposited in the Agricultural Bank to meet the Government's commitments on contracts which the law anticipates.

Wisdom of Present Railway Policy

That Turkey has made noteworthy progress in extending its railway system cannot be doubted. The program for still further expanding transportation facilities is well defined. There is a question, however, concerning the wisdom of the policy which the Government has adopted and is pursuing. The wisdom of the program is open to question in two respects. There is a rather general belief throughout the country that the methods of financing railway extension are unwise and that the development is being pushed as a military project. While it is true that the new lines may assist in developing the country in the future, they are not absolutely needed at once. Since they are built out of current income it means that other more urgent projects which would yield more immediate results, such as agricultural development, must be restricted or postponed. The real danger in the program lies in the terrific drain on the resources of a nation as impoverished as Turkey is today. One of the sound principles of public finance is that borrowing for purposes of constructing public works which will eventually yield an income is justified. That is the policy followed in countries much more able to build out of income than is Turkey, yet the pursuance of this course by the latter country serves to emphasize the extremes to which the Government will resort rather than run the risk of possible foreign control through a capital loan.

Is the railway system of Turkey being built to meet the economic needs of the country or for military requirements? While it is true that the present and proposed railways would be a distinct asset in time of war, a careful study of those lines in relation to the resources of the country leads to the conclusion that economic considerations have predominated in the determination of transportation policy. The line from Irmak to Filyos, for instance, will open the nation's coal deposits and permit the transportation of fuel to the interior. Moreover, all the coal needed for the operation of the State railways will be readily accessible. The extension from Fevzipaşa to Erganimadeni will afford facilities for shipping wheat, barley and rice from Malatya and Diyarbekir. Perhaps, even more important will be the opening of the rich Ergana copper mines whose previous exploitation has been hindered by lack of transportation facilities. The extension from Kutahya to Balikesir will tap the mineral resources, of which chrome is the most important, in that region while the proposed line from Igirdir to Antalya will open the mineral resources of that district. On the other hand, the construction of well built highways in the undeveloped eastern provinces would make possible adequate transportation facilities by means of motor truck at considerably less expense to the government. Consequently, there seems to be some reason for doubting the wisdom of the urgency with which the present program is being pushed in that section of the country.

On the whole, however, it must be admitted that if the projected railway lines and highways are completed they will afford adequate transportation facilities from central Anatolia to the Black Sea, to the Mediterranean Sea and to the western coast. Such a system will be a decided asset to the economic development of the nation and will make possible the exploitation of resources hitherto unworked chiefly because of inadequate transportation facilities. That such a development will have an important effect on the foreign trade of Turkey is certain. The new interior facilities, in conjunction with modern ocean transportation, will extend the markets for Turkey's products and at the same time will open the vast interior markets for the specialized products of industrial nations. Consequently, present and future transportation developments indicate that the principle of specialization will operate more freely in the future.[4]

Summary and Conclusions

Turkey's first railroad was built in 1856, but the total construction only amounted to 2,544 miles by 1914. That mileage, moreover, had been built by foreign concessionaires who operated the railways under kilometric guarantees.

The limited railway facilities retarded internal development and foreign trade. In an effort to build new railroads quickly, the new Government of Turkey granted a huge concession to an American corporation, but the project failed. The government itself then turned capitalist and is constructing new lines, acquiring existing roads and operating the entire system as a unit.

Turkey's new transportation policy is being financed out of income and it is doubtful if the country can long bear such a terrific drain on its current resources. Although the need for transportation facilities is great, it is questionable if the urgency is such as to justify the present financial and construction policy. It is unfortunate that the government has been unable to finance its program through foreign borrowing under terms mutually beneficial to borrower and lender. Finally, the construction of costly railways in the eastern provinces may prove more of a burden than an asset in the immediate future.

Although the railway policy may be unwise in some respects, it cannot be denied that economic consideratoins have predominated in determining the location of new roads. The new lines will afford not only an important asset to the interior development of the country but will provide a necessary link in the expansion of foreign trade.

REFERENCES

1. The proposed route of the Chester Concession is shown on the general map facing the title page.
2. *Embassy Archives, High Commission Reports, op. cit.*
3. The present and proposed railway system is also shown on the general map.
4. Owing to the nature of the material in this chapter and the extensive duplication in the limited number of sources it did not seem feasible to follow the usual practice of giving specific references. The sources of information on Turkey's railway system fall into two groups. The first group includes a number of books which present historical accounts of the railway system under the Ottoman régime and include the following: RAVNDAL, *Turkey,* pp. 46–56; MEARS, *Modern Turkey,* Chapter 9, on *Transportation and Communication;* EARLE, E. M., *Turkey, the Great Powers and the Bagdad Railway,* especially Chapters 3 and 4; PRESSEL, WILHELM VON., *Les Chemins de Fer en Turquie d'Asie; Peace Handbooks,* Vol. 10, 1920, No. 59, pp. 39–70.

   The second group is composed chiefly of periodical material. For an excellent digest of railway conditions in Turkey dated April 30, 1929, I am indebted to MR. JULIAN GILLESPIE for material contained in a special report on that subject. A brief but informative article entitled *Nos Voies Ferrées* was published in the *Bulletin de la Chambre de Commerce et d'Industrie de Smyrne,* in January 1929, pp. 7, 8. In November of the same year the *Levant Trade Review* reprinted an authoritative article which appeared in the November *Trade Bulletin* of the Ottoman Bank, pp. 361–368. From time to time information has appeared in *Commerce Reports* as follows: September 19, 1921, p. 167; *Supplement* No. 35, 1922, p. 8. The *Annual Reports* on economic and commercial conditions in Turkey published by the BRITISH DEPARTMENT OF OVERSEAS TRADE supply certain recent information. *L'Économiste d'Orient* is a good source of information particularly for an interpretation of transportation policy. Two such articles were published on June 25, 1925, p. 234, and November 10, 1928, pp. 413–416. The semi official newspaper *Milliyet* is a good source of information for discussions concerning railway policy, program and budgets which take place in the Grand National Assembly. Finally French translations of all the laws pertaining to the railways appear in *La Législation Turque* beginning with March 23, 1924. The text of the Chester Concession was published in the June, 1923 issue of *Current History*, pp. 485–489 and the text of the Turco American contract for agricultural equipment was published in *l'Économiste d'Orient*, September 25, 1923, p. 350. Material concerning these projects was drawn from those two sources.

IX

The Struggle for Trade in Turkey

Competition

As the industrial development of the world progressed in the latter part of the nineteenth and the early part of the twentieth century, the struggle for markets for manufactured goods steadily grew more keen. Nation after nation turned to industry and in their efforts to industrialize their own country partially closed their markets by means of tariff restrictions. As a result of that development, Turkey assumed a new importance in the eyes of leading European industrial nations by 1900 as a market for their manufactured commodities. The efforts which the producers of those nations exerted to penetrate the Turkish market might at first glance appear to be incomprehensible, yet Turkey's prewar purchases abroad amounted to almost $200,000,000 annually with the prospect of still larger purchases.[1] Another feature which contributed to the desirability of the Turkish market was the fact that under their capitulatory powers the leading nations of Europe controlled Turkey's tariff legislation and consequently maintained purely nominal rates of duty on the importation of their own merchandise.

The attractiveness of the Turkish market resulted in a struggle for it which is commonly known as competition. Competition may be defined as rivalry in buying and selling. It is usually understood to refer to price, but it also centers around quality and service. Competition among buyers has the effect of increasing the prices which they must pay, while competition among sellers tends to reduce the prices which they receive. The laissez-faire policy which governed the relation of government and industry in England at one time was based on the belief that competition would satisfactorily regulate commerce. If a competitor's prices were too high or the quality of his product inferior or the service which he rendered unsatisfactory, it was assumed that he would lose his customers and thereby be forced either to lower his price, improve his quality, render satisfactory service, or retire from business. Under the simple organization of economic life which characterized the handicraft system the regulatory effect of competition was fairly satisfactory. But the Industrial Revolution has resulted in a complex economic system under which the regulatory effect of competition has partially broken down, with the result that government protection of consumers has become necessary.

In international trade, governments which regard it as their duty to protect their own ctiizens against unfair competitive practices regard it as their privilege and in some cases as their duty to combine with exporters to force their way into or to keep others out of a market by any possible means. That curious inconsistency led certain of the European nations to struggle among themselves for the favor of the Turkish market. As a result there was competition not only between producers but between governments and between nations. The prime leaders in the four-sided competitive struggle were England, France, Italy, and Germany.

> The latter especially, through a banking policy supported by diplomatic and consular influence, was before the War rapidly advancing toward first place in the Turkish market. France's endeavors after the Armistice aimed at a similar goal, as did those of Britain and on a more modest scale those of Italy.[2]

The competitors resorted to a variety of methods for attaining an advantage. The part played in the rendering or refusal to render shipping service has already been described. Banks also were regarded as national assets and fighting weapons. In conjunction with governmental agencies they were used to steal an advantage by granting loans at favorable rates, by permitting overdrafts, by extending long credits, by supplying important and in some cases confidential trade information, and in still other ways rendering valuable service to their compatriots.

In the bitter struggle for Turkish markets, competitors sought to gain an advantage not only by offering a lower price, by supplying goods of a better quality and by rendering better service, but in many cases resorted to competitive practices which have been branded as unfair. That type of competition involved the imitation of the registered trade marks of competitors, the misrepresentation of the quality or measure of their goods, and the use of other questionable and unethical methods to injure their rivals and secure their business.

American business men entered that struggle about 1900 determined to obtain their share or more of Turkish trade. For a few years they were actively supported and aided by their government in the political as well as economic phases of the struggle. A subsequent change in governmental policy, however, left them to shift more or less for themselves. Their part in the struggle for the Turkish market against the combined power and resources of European producers and governments forms the basis of this chapter.

Banking Facilities as Instruments of Commercial Policy

As in the case of its railways, the banks of Turkey in the past were largely owned and operated by foreign interests. The British were the first to enter the banking business in Turkey, establishing the Ottoman Bank in 1856 immediately following the Crimean War. Its chief function from the Turkish standpoint was to assist the treasury in establishing financial security while from the English point of view its important function was the promotion of English commerce and the advancement of English political favor. In 1863 the need for a larger institution resulted in the organization of the Imperial Ottoman Bank by a joint group of British and French capitalists. That institution was and still remains the State Bank of Turkey as well as the bank of issue. As this chapter is being written, the Turkish Government is organizing a State bank which will displace the Ottoman Bank as a semi-official institution and as a bank of issue.

French bankers entered Turkey independently in 1871 with the establishment of the *Crédit Lyonnais.* That institution is still functioning, supported by two additional banks opened after the Armistice of 1918. In 1889 German capitalists established the *Deutsche Palaestina Bank,* which was absorbed by the *Deutsche Orient Bank* in 1914. A third German institution and the most important was the *Deutsche Bank* opened in 1909. The Italians were the last to realize the commercial advantage of branch banks in Turkey. The *Banco di Roma* was established in 1909 followed by the opening of two more institutions after the cessation of hostilities in 1918. It was not until 1920 that an American banking institution was established in Constantinople.[3]

The predominance of foreign institutions in the banking system of Turkey continues in spite of the extreme nationalism of the new Government. That situation is due to the inability of Turkey to supply its own banking service, although remarkable advances have been made in the number and in the service rendered by national banks in the last six years. According to a Turkish source of information there were in 1927 a total of 66 banks in the country of which thirty-six were native institutions.[4] On the other hand, of the twenty-one important banks operating in the country fifteen are foreign institutions. Of that number four are French, while the British, Italian, and German are represented by two each, and American, Dutch, Belgian, Rumanian, and Russian interests are represented by one in each case.

> Almost every one of these foreign banks has its history, sometimes secret but more often known, of foreign political intrigue for a share in the partition of the estate of the quondam "Sick Man of Europe." Every one of them has reaped rich profits in promoting the trade of the country it has represented. None has worked with singleness of purpose for the prosperity of Turkey—that has always remained an incidental consideration. This concentration of capital in foreign hands has undoubtedly constituted a serious handicap to Turkey.[5]

Not only has that situation been detrimental to Turkey from a political point of view, but to the extent that banking facilities were successfully used to stifle competition, the consumer of the country lost. The predominance of England in Turkey's foreign trade has long been associated with its importance in the banking life of the country, while French banks have played a large part in promoting Turco-French commercial relations. The German *Deutsche Orient Bank* was an important factor in the expansion of trade with Turkey, while the *Deutsche Bank*

> was an important unit in the German plan for expansion in Turkey, and played an outstanding part in the securing of the concessions for the Bagdad railway and affiliated utilities. It also secured in 1907 and completed in 1913 a concession for the irrigation of the plain of Konya.[6]

In the same way the *Banco di Roma* was used in financing Italian commercial and financial penetration of Turkey. In the postwar period additional Italian banks were opened and were successful in securing a large part of the business formerly enjoyed by German and Austrian institutions. One method by which that was accomplished was the employment of a large part of the personnel of the one-time German and Austrian banks.[7]

The absence of an American bank in Turkey operated as a serious handicap to the efforts of exporters to enter the Turkish commercial field. Although they were able to compete with the exporters of England, France, Germany, and Italy on the basis of price and quality, they were not able to compete on the basis of service. The situation was comparable to the use of ships by Europeans as national assets with the result that the transportation and financial service offered by the Americans was inferior to that of their competitors. Whereas the latter had the advantage of native banks ready and eager to extend favors and to supply valuable information, Americans were dependent on their competitors for the transaction of their banking business. Under an economic system in which competition actually performed the service alloted to it by laissez-faire philosophy such dependence would be of no consequence. But under an economic system which regards such institutions as national competitive weapons it meant that the development of American export trade with Turkey depended on the favor of competitors.

For many years American consuls and business men in Turkey urged the desirability and the necessity of at least one American bank in the country. In 1907, for instance, an American consul referring to the new Italian *Banco di Roma* pointed out that the annual value of Turkish-Italian trade was $17,962,000 as compared with a Turkish-American direct trade valued at $16,500,000. There was in addition to the banking business involved in American commerce additional business arising out of invisible trade amounting to perhaps $5,000,000 annually. Yet in spite of his conclusion that an American bank would prove as profitable as an Italian bank, none was established.[8] American bankers apparently were loath to enter a competitive field in which rivals had the advantage of government aid and support.

In 1919 the Irving National Bank of New York sent a representative to the Levant to study conditions with a view to opening a branch in Constantinople.[9] The astute investigator for the bank must have foreseen the temporary nature of American predominance in trade with Turkey, for no further action was taken by that institution. A short time later, however, on October 4, 1920, the Guaranty Trust Company of New York opened a branch in Constantinople.[10] Unfortunately the opening of the Guaranty branch coincided with the beginning of the decline in American exports to Turkey as well as the numerous other complicated factors which rendered the profitable conduct of a new bank extremely difficult. Within two years the branch was closed and its business transferred to the branch of the British Ionian Bank, which also was closed a few years later. During the period of its operation the Guaranty Trust Company incurred a heavy annual loss, and in announcing the suspension of activities the reason given was " the lack of development to date of important American business in the Near East." [11]

The early loss of the first American bank to enter the Turkish field was not only unfortunate from the standpoint of American importers and exporters, but was regarded as a severe blow to the prestige of American business. However, the American Express Company had opened a Constantinople branch in the spring of 1921, and in spite of the subsequent depression during the Turco-Greek War and the keen competition in the Levant the new institution operated successfully. Its achievement under the circumstances is noteworthy and the service which it has rendered to American business men in the Near East in the past nine years has without doubt been a contributing factor to the steady advancement in the development of Turkish-American commercial relations.

Foreign Exchange and Turkish-American Trade

The difference between the Turkish and American monetary systems means that before payment for merchandise can be effected it is necessary to convert the amount of the invoice from the money of one nation to the equivalent amount in the money of the other. Payment of international accounts is rarely made through the actual shipment of gold, but is achieved by means of the purchase and sale of bills of exchange which cancel the amounts owed for imports with the amounts receivable for exports, thus obviating the necessity of gold shipments.

Turkey has long been a gold-standard nation. In 1890 it was one of only twenty-five nations with a fixed currency based on gold.[12] The monetary unit is the Turkish lira, which is abbreviated as £T and contains a fine gold content of 6.61518 grams giving it an exchange value equivalent to $4.40. The silver piaster is convertible into gold at the rate of one hundred piasters to the lira, making it worth $0.044 in American money.

In Turkish-American trade the exchange value of $4.40 is the par about which the rate of exchange nominally fluctuates, falling in Constantinople during the export season from July to December, and rising during the import season in winter and spring. Under normal circumstances there would be only slight fluctuations since any extreme change would make it profitable to resort to gold payments. Prior to 1915, however, there was no direct exchange between Constantinople and New York, with the result that settlement of accounts was effected through London. The nature of Turkey's trade balance with the United States and with England was such that triangular exchange was mutually beneficial. The American import balance in its trade with Turkey would have caused a premium on Turkish bills, while Turkey's import balance in its trade with England caused a premium on London bills. The American export balance in its trade with England created a supply of bills on London in New York which American exporters bought and sent to their creditors in Turkey, who in turn could readily use them for payment of accounts in England. As a result of disruption caused by the War, direct quotations of Turkish exchange were begun in New York in 1915. The annual average rates from that time to 1929 inclusive are shown in table 17.

In the case of Turkey, in addition to the usual factors affecting the rate of exchange there were some unusual circumstances. Under the Ottoman régime a large foreign debt had been incurred which amounted to $1,223,561,125 by 1875. The annual interest payments required purchases of foreign exchange amounting to approximately $16,000,000 a year. Through the failure to meet all of those payments, the Ottoman Government was compelled by the bondholders in 1881 to assign the duty

TABLE 17

Annual Average Exchange Rates of Turkish Lira in Terms of Dollars

Year	Rate[1]
1915	$4.08
1916	4.15
1917	3.50[2]
1918	—
1919	1.2150
1920	.84360
1921	.63801
1922	.61506
1923	.60668
1924[3]	.52986
1925	.54488
1926	.52375
1927	.51493
1928	.50925
1929	.481164

[1] *Commerce Reports*, March 24, 1924, p. 788 for 1915–1923.

[2] For the first four months only since diplomatic relations were severed in April.

[3] Quotations from 1924–1929 furnished by Constantinople office of American Express Company.

of collecting and administering the revenues pledged to the Foreign Debt Service to the Council of Administration of the Ottoman Public Debt. That Council represented the interests of private bondholders in England, France, the Netherlands, Austria, Germany, and Italy, and was composed of delegates representing each of the above groups with one representative for the Ottoman Government. Beginning in 1875 the Council exercised a dominant influence in Ottoman financial and economic affairs which assumed the proportions of complete financial control.[13]

A second factor tending to depress the exchange rate of the Turkish lira in terms of other monetary units was the issuance of fiat paper money. In 1924 the official records of the Turkish mint showed that up to 1914 the various governments of Turkey had minted and put into circulation a total of 78,591,155 gold liras and 16,728,754 silver liras. Since that time there has been no additional coinage of gold or silver money. In Turkey today there is practically no gold or silver in circulation, although large sums are believed to be hoarded. Upon Turkey's entrance into the War in 1914, financial difficulties led to the passage of a law authorizing for the first time in the history of the Empire the issuance of paper money to circulate at par with the gold lira. In accordance with that law there were seven issues of paper money between 1915 and 1918 amounting to £T158,748,563.[14] There has been no further issuance since 1918, although an equivalent amount in new paper was issued in 1927 to replace the worn-out and destroyed bills. Since there is no gold or silver in use, the previous issues of fiat paper money can scarcely be said to be an important contributing factor to the present low rate of exchange for the Turkish lira. It should be emphasized that the total issue of paper money in Turkey was remarkably low compared with many other nations engaged in the War and that the printing presses were not used in the postwar period. What appears to be even more remarkable and commendable is the fact that Turkey financed its war with Greece without recourse to foreign borrowing and without increasing its paper money circulation.

Although the continuous warfare in which Turkey was engaged did not lead to extravagant issues of fiat money, the continued and recurrent hostilities resulted in the destruction of productive resources, with a consequent decline in exports and increasing importations of war materials which seriously depressed the rate of exchange.

Finally, the political revolution followed by the uncertainty of the new government's security and its financial policies caused the lira to decline steadily in terms of other currencies. At the present time efforts are being made to stabilize the rate of exchange at $0.47 or $0.48 to the lira by means of increasing exports and reducing imports.

During the period of the falling lira the rates of exchange between Turkey on the one hand and the United States and England on the other were unfavorable to Turkey. For instance, in 1921 a comparison of American imports from and exports to Turkey disclosed an adverse trade balance ratio against that country of thirty-three to one, while between Turkey and England the adverse ratio was twenty-seven to one. As a result the exporters of the United States and England were at a distinct disadvantage compared with the exporters of other countries. In fact, the Turkish Minister of Commerce advanced a plan to encourage imports from Rumania, Bulgaria, Italy, and other such countries, at the same time discouraging imports from England and the United States.[15]

Installment Selling in Turkey

While the practice of extending retail credit has not become as widespread in Turkey as in the United States, the granting of wholesale credit has long been an important factor in the sales of manufactured goods in the Turkish market. There are a number of reasons why the extension of credit by exporters is essential. In the first place, goods are in transit for a long time. The legal rate of interest has for years been 9 per cent, but the prevailing rate has been 15 per cent, with the payment of such usurious rates as 40, 50, and even 60 per cent not uncommon. The predominance of agriculture in the economic life of the nation has led to the use of credit for financing farmers and planters during the growing season, and finally retailers are compelled to extend a certain amount of credit to their customers.

As a result of these circumstances the use of credit in Turkey "is so extensive that in certain lines the year's business has been known to represent seven or eight times the amount of capital invested."[16] In the automobile trade of the country in which American dealers stand first it is estimated that 80 to 90 per cent of the sales are made on the installment basis.[17] Owing to the need for credit in Turkey and the widespread practice on the part of European exporters in granting credit facilities, it has been held absolutely essential for new arrivals in the Turkish market to give their customers several months' time for the payment of accounts.

Despite the wide use of credit and the rather general American belief in the uncertainty of oriental integrity, business failures are very rare under normal circumstances. On the whole, the Turkish business man honestly meets his obligations. The laws of the country governing bankruptcy are very severe. Consequently, if a firm has long been established and enjoys a good record with foreign banks there is little danger involved in extending credit. The difficulty arises in obtaining reliable credit information, since there are no credit reporting agencies in the country. Chief reliance must, therefore, be placed on information supplied by the bank or banks with whom the firm does its business.[18]

Handicapped by the barrier of distance and in the face of high interest rates, American exporters have never had any real chance of building up an important trade in Turkey on the basis of cash with the order or upon shipment of the goods. In the absence of direct shipping facilities, a consignment of goods from New York to an interior point in Turkey might be in transit six or eight months. The very shortest time required with direct service is two to three months. The refusal of an American exporter to extend credit meant that the American goods cost the Turkish importer from 6 to 8 or even 10 per cent more than the same goods would cost if purchased in England, France, Germany, or Italy, since the exporters in each of those countries readily extended credit and were located nearer their market. For example, an importer in Turkey could purchase from an Italian firm receiving 5 per cent discount for cash if he paid the invoice within two months after receipt of the goods, and borrow the money with which he paid the bill from an Italian bank in Turkey at an interest rate of 7 or 8 per cent. Even if he were so disposed an American exporter could not compete on that basis.

In comparing the credit practices of the various exporters to Turkey, it is necessary to distinguish between the prewar and the postwar periods. In the former period the method of draft payment was almost never used. German, Italian, Austrian, and Belgian firms extended credit on simple invoice with no written engagement. On the other hand, English and French exporters usually insisted on draft against documents or at least after inspection. The first group was also more lenient in the length of time permitted for payment, extensions varying from six to nine months being the most common. They also permitted a cash discount ranging from 3 to 5 per cent for payment upon inspection of the goods, which in practice meant one or two months after their arrival. The English and French, however, did not usually extend credit for more than three months and refused to give cash discounts exceeding 3 per cent for payment within fifteen days after the arrival of the goods. In their eagerness to obtain an important share of the Turkish trade the Germans and Italians were very lenient upon the maturity of their accounts and when the bills finally were paid the banks again coöperated by permitting reasonable overdrafts at low interest rates. In the case of articles subject to violent price fluctuations, all exporters protected themselves generally by selling only on the basis of draft against documents. During the immediate postwar period most of the goods were sold on that basis, but the tendency after 1922 was shifting back to the extension of long credits.[19]

In recent years the extension of credit has become increasingly important in Turkey. In the new international lineup the exporters of Italy, Germany, and Czechoslovakia grant the most extensive credits with their French, Belgian, and English competitors showing a tendency toward the adoption of that policy. American exporters, however, have refused to adopt the new policy. On sales of foodstuffs American merchants are most severe, requiring payment with the order, while English and Czechoslovakian dealers require payment upon shipment of the goods. In their determination to deprive English cotton manufactures of the Turkish market, the Italians have been granting credits up to ten or twelve months, and although the recent depreciation in the Turkish lira has caused some losses they have displaced the English in the Turkish cotton-goods market.

In self-defense, English producers are gradually offering 30, 60, and 90 day terms, as are those of France and Belgium. The Germans allow three months for payment with an extension privilege of an additional three months. In the exportation of woolen goods also British exporters have been compelled to increase the liberality of their credit extensions to meet the severe competition of French, Belgian, Italian, and Czechoslovakian manufacturers.[20] In the case of automobiles, the payment period for retail sales ranges from four to eighteen months. American cars are usually sold on the basis of six or eight months while European dealers, notably Italian, allow as long as a year and a half for final payment.[21]

There is considerable evidence that an important obstacle to greater sales of American goods in Turkey in the past has been the failure to extend credit comparable to the terms offered by European competitors. Thirty years ago an American Consul testified that many Turkish importers who wanted American goods in preference to English, German, French, or Italian were compelled to buy from some one of the latter because of the better terms of payment which they offered.[22] More recently, the situation has been epitomized by a sales agent in his remark that " the American manufacturers has the goods and we have the customers, but the present *impasse* between manufacturers and agents can only be overcome by granting credit." [23]

On the other hand, up until recent years American manufacturers have enjoyed such a vast domestic market that they were rarely concerned with foreign markets. When they did seek opportunities abroad they concentrated on those markets where they could easily dispose of their goods on a cash or short-term credit basis. There was no need, therefore, to seek out as remote a market as that of Turkey, much less to offer long credit inducements in order to obtain business. Moreover, the absence of banking facilities made it practically impossible for them to extend long credits. That situation is changing, however, and American exporters are faced with the necessity of meeting this phase of competition if they expect to obtain an important share of Turkey's import trade.

Public and Private Trade Promotion Methods

One of the paradoxes of international trade is the widespread emphasis placed on the importance of increasing exports while the importation of merchandise or services is viewed with alarm and discouraged. In supporting and encouraging that policy public and private trade promotion agencies neutralize their efforts by demanding high tariffs to restrict imports. The origin of this economic policy is found in the old mercantilistic belief that gold was wealth rather than primarily a measure of wealth, and in failure to perceive that through bills of exchange goods pay for goods, and in the long run imports must therefore be equal to the exports. Such being the case, an import balance is not unfavorable nor is an export balance favorable. Commercial interests, however, proceed on the assumption that an excess of exports over imports is a desirable condition. Consequently there have been established extensive public and private agencies whose chief duty is the promotion of American export trade.

In the field of governmental aid to American exporters the

United States Government was notably deficient compared to other nations prior to 1900. In 1892, for instance, President Harrison referred to that situation in his annual message to Congress when he said that " interference with the trading ventures of our citizens in Asia Minor is also reported, and the lack of consular representatives in that region is a serious drawback to instant and effective protection."[24] The British Government has always been more effectively represented in Turkey than has the Government of the United States, with the result that in many cases involving purely political questions British consuls have frequently acted in the interests of Americans who had no consular representative. The success of that coöperation led to a very natural and feasible suggestion that the consular representation of both countries be increased through the joint action of the two governments. It was proposed to avoid duplication by having one consul jointly representing British and American interests in each region, thereby freeing a representative for service in a district where neither government was represented. The proposal never materialized, however.[25] It was no doubt feared that the commercial interests of one nation would prosper at the expense of those of the other country.

The importance of consular representation in the development of commerce was well realized by the German Government when German policy decreed expansion eastward through the economic penetration of Turkey. One of the fundamental elements of the program was the establishment of a large number of consulates, and a large part of German success was attributed to that phase of its policy.[26]

Shortly before 1900 the United States Government favored a more active interest in the development of American export trade with the result that governmental representatives associated themselves actively in various trade-promotion projects. The campaign to increase American exports to Turkey was opened by the persistent and successful efforts of the United States Consul-General in Turkey to secure the establishment of direct shipping facilities. The same official then organized the American Oriental Agency, comprising more than one hundred American exporters and importers. While it was organized as a business enterprise conducted for profit, it permitted the display of a large line of samples, the maintenance of a stock of staple goods, the operation of a model farm with American machinery, and the payment of cash to the American exporter upon shipment of his goods.[27] In 1901 the American Agency for Eastern Turkey was organized at Harput by the American Consul. The chief function of that organization was to aid in the introduction of American agricultural machinery, and to that end a manager was selected who was a native Turk graduated from Massachusetts Agricultural College with a year's experience at the Kansas Agricultural Experiment Station.[28] The American Consul-General issued a trade bulletin in which American commercial offers and inquiries were inserted free of charge, while another American Consul inaugurated weekly meetings at which he addressed the merchants on the subject of Turkish-American trade.[29] Upon the resumption of commercial relations with Turkey long in advance of the reëstablishment of diplomatic relations, an American Trade Commissioner was assigned to Constantinople by the United States Department of Commerce. The duties of that official are distinctly commercial in nature and for the most part involve the rendering of assistance to American exporters.

In the field of private promotion agencies and methods other exporters to Turkey long excelled the Americans. Agencies were peculiarly adapted to conditions in Turkey and were freely used by the British, French, Germans, and Italians. A knowledge of the Turkish language, while not essential, was helpful, and a part of the German success in Turkey was attributed to their assiduous cultivation of the native tongue. Foreign banks coöperated with agents representing their nationals in the matter of financing their credit extension, while syndicates were formed, chambers of commerce organized and expositions and fairs widely used.[30]

The impetus of government interest in the Turkish market gave rise to an increased interest on the part of Americans in Turkey and led to the formation in 1911 of the American Chamber of Commerce for Turkey.[31] The commercial importance attached to Turkey at that time is evidenced by the fact that the Turkish Chamber was the second organization of its kind, being preceded only by the American Chamber of Commerce in Paris.[32] Starting with only sixty-two members, the new organization grew rapidly and branches were established in Salonica, Smyrna, and Beirut. In less than two years the parent organization numbered 429 members, and its growth led to the adoption of a more inclusive name—The American Chamber of Commerce for the Levant.[33]

The activities of the Chamber made it a clearing house of information for all American merchants. It acted as a mercantile agency, maintained arbitration committees for the purpose of settling disputes and preventing litigation, and served its members in numerous other ways.[34] A program was drawn up which involved ten important projects. The Chamber sought to secure the establishment of direct and regular steamship service between the United States and the Levant; the establishment of American branch banks in the territory which it served; the negotiation of parcel post treaties between the United States Government and the Governments of Near Eastern countries; the establishment of a mercantile agency by Bradstreet's or Dun's; the establishment of an Associated Press Bureau in Constantinople; the investment of American capital for the development of natural resources and public utilities in Near Eastern countries; the opening of direct commercial agencies by American firms; the revision of tariff schedules in Near Eastern countries and the United States so as to remove certain obstacles to trade; the founding of scholarships for Levantine students in the United States; and finally the interchange of commercial visits between American and Near Eastern merchants.[35]

Twenty years after its organizations it is interesting to enumerate the features of that ambitious program which had been accomplished. Today there is a direct and regular steamship service; there is an American branch bank in Constantinople as well as at Athens; certain postal agreements have been concluded, and there is an Associated Press correspondent in Constantinople. There has been, however, no important investment of American capital and the present trend in tariff policy in both countries is toward higher rather than lower rates.

Undoubtedly the American Chamber of Commerce for the Levant played an important part in the prewar development of American trade with Turkey. Unlike most such organizations, attention was not concentrated on the export phase but considerable assistance was rendered in the development of Turkish exports to the United States. Because of the sound basis on which the Chamber was organized, it survived the difficult war and postwar periods and continues to perform an active and important part in the commercial relations of Turkey and the United States.

Thirty years ago the Government of the United States embarked on a policy of active coöperation with private firms to increase American exports to Turkey. That program was patterned after the European system. But about the end of the first decade of this century the government altered its policy with the result that with the exception of the work of the United States Department of Commerce, American exporters must rely on their own resources in developing the trade with Turkey. In the face of the European system of governmental coöperation with private firms, the Americans have worked under a difficult handicap. Their disadvantage has been partially offset, however, by their advantage in price and quality.

Ruthless Competition

Unfair competition has loomed large in the struggle for Turkish markets. Because of the control exercised over Turkish customs, finance, and transportation by European nations, that country was regarded by them as more or less of a private preserve. The powerful control which they exercised favored the development of their own export trade and made it possible partially to close the door to the merchants of other nations. When such control failed to stifle competition, resort was then had to more ruthless measures such as dumping and the imitation of competitor's popular trade marks.

The absence of domestic capital in Turkey led not only to the negotiation of extensive foreign loans, but also to the practice of developing the natural resources of the country through the granting of concessions. The loans were granted by the leading European nations in return for concessions which carried with them arrangements for the purchase of all construction materials in the country granting the loan. Most of the important concessions obtained by French, British, and German companies were given in connection with loans to the Ottoman Government. The loans in turn were secured by State revenues administered by the European-controlled Ottoman Public Debt. Even though the quotations of non-lending countries for the furnishing of equipment were lower than those of the powers already mentioned, the important orders were rarely granted to them.[36]

Dumping and imitation have been extensively used as competitive weapons. The German campaign to dominate Turkish markets was characterized by systematic dumping and extensive imitation of patented articles.[37] Because of the importance of Turkey as a cotton-goods market, the competition for that trade was unusually keen. In supplying certain types of cotton goods American exporters early assumed the lead. The most famous American brand was known as Cabot, which gained such favor in Turkey that it became more of an inclusive name for cotton sheetings rather than a registered trade name. The high reputation of Cabot A sheetings placed them almost beyond the range of competition, whereupon English, German, and Italian competitors resorted to the practice of imitation. The English were so successful that the most popular cotton fabrics sold in Beirut were stamped "American," labeled "New York Mills," and bore the American eagle, but were manufactured in Manchester, England! [38] Of course the imitated brands were sold at a lower price, but no loss was incurred, for the bolts of cloth were thirty-six yards long and thirty-four inches wide rather than forty yards in length and thirty-six inches in width.[39]

Summary and Conclusions

The industrial development of the world gave a new significance to Turkey as a market for manufactured goods. As a result, competition has always been keen and at times unfair. England, France, Germany, and Italy have regarded banks as national assets, and American exporters were handicapped in their efforts to compete until a branch office of the American Express Company was opened in 1921.

Until 1915 there were no direct exchange quotations between Constantinople and New York, accounts being settled through London. Following the direct quotation of exchange rates, the value of the Turkish lira fell and the values of the moneys of other countries such as Italy, Rumania, and Bulgaria also fell, with the result that the stability of the American dollar placed United States exporters in a disadvantageous position in their trade with Turkey.

Installment selling is an important feature of Turkish trade and long credits have been used to gain competitive advantage. American exporters must meet this phase of competition if they expect to obtain and retain an important share of Turkey's trade.

European governments have been partners with their exporters in the development of foreign trade, thereby giving the latter an advantage over their American competitors. Through the exchange of concessions for loans and by means of competitive practices involving dumping and imitation, European companies have struggled to keep Turkey's commercial door closed. In some cases their efforts have been successful. There can be no doubt that the absence of banks and the refusal or inability to give credit have retarded the growth of America's export trade with Turkey. But in the long run, a product of good quality at a low price will find a market in spite of such activities, as is evidenced by American dominance of the Turkish automotive market. This leads to the conclusion that in competition price advantage is of predominant importance.

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X

Turkey's Foreign Made Tariffs

European Control of Turkish Customs Through Capitulatory Power

ONE of the sovereign rights of a nation is its power to regulate commerce with other countries. Such regulation may be designed to yield revenue, to protect or to develop industry within the country or for purposes of police control. Up to August 6, 1929, the Government of Turkey was deprived of complete sovereignty in its customs legislation, although it claimed and exercised sovereignty after its entrance into the War in 1914 in spite of the protests of European powers. Through the privileges and powers extended by the capitulations and subsequent special treaties negotiated by the Sultans with various European governments, the right of the Ottoman Government to raise its customs duties was subject to the approval of each of the powers. As a result the customs duties on merchandise entering Turkey were kept at a nominal rate so that the manufacturers of England, France, Germany and the other powers might enjoy an unrestricted market in Turkey. That situation was responsible to some extent for the industrial retardation of Turkey. As the control became more rigid following the establishment of the Ottoman Public Debt, American efforts to prevent tariff discrimination against its nationals involved the Government of the United States in the tangled mesh of European diplomacy.

Early Tariffs and American Trade

Early American traders in Turkey operated under the sanction of the English Levant Company. The import duties at that time were 3 per cent *ad valorem* with an additional 10 per cent for gratuities. When the rates on American merchandise were raised to 15 per cent an unofficial protest was successful in placing American commerce on equal footing with the French.

The commercial treaty of 1830 provided that

> American merchants who shall come to the well defended countries and ports of the Sublime Porte shall pay the same duties and other imposts that are paid by merchants of the most favored friendly Powers and they shall not, in any way, be vexed or molested. . . .[1]

The tariff system in force from that time until 1862 levied an import duty of 8 per cent *ad valorem* of the market price at the port of entry and an export duty of 8 per cent *ad valorem*. Owing to the meagerness of Turkish-American trade at that time an arrangement was concluded in 1839 under which the duties on American exports to Turkey were based on the English tariff stipulated in the Turco-British treaty of 1838.[2]

In 1855 a proposal to alter the tariff agreement with Turkey resulted in the appointment of Mr. E. S. Offley, United States Consul at Smyrna, Mr. John Langdon and Mr. Charles S. Spence as Commissioners to conclude a new agreement. In his letter accepting the appointment Mr. Offley wrote to the American Minister, Mr. Carroll Spence, that he would be glad to act as a Commissioner for

> the commerce of importation from our country is much in need of being freed from the disadvantages it now labors under, by its having been subjected to the Tariff of Great Britain which secures positive advantages to its own trade over ours.

The Commissioners had scarcely started to function, however, before the Minister instructed them to suspend all proceedings. The explanation given was that most of the European powers " intend to make no change for the present in their tariffs " and the American representative proposed to delay further action until it was seen what the other nations planned to do. Under the terms of the existing arrangement the rates then in force were to continue for seven years.[3]

During the ensuing seven-year period Turkey concluded new treaties with all the leading nations, including the United States, which became effective in 1862. That treaty provided that the import duties were to continue at 8 per cent *ad valorem* but the export duty was to be reduced from 8 per cent to 1 per cent at the rate of 1 per cent annually. A joint commission was appointed to determine the values upon which basis the duties would be levied. The duration of the convention was twenty-eight years with provision for termination at the end of fourteen years and again at the end of twenty-one years. The tariff schedule was to remain in force for a seven-year period with the privilege being granted to each government to demand revision of the tariff at that time. Failing such a request, the tariff schedule was to remain in force for another seven-year period.[4]

Thirteen years later the Sublime Porte availed itself of the right to demand tariff revision. In 1875 Aristarchi Bey, Ottoman Minister to the United States, informed the Department of State that Turkish finances were in such serious condition that his Government found it necessary to free itself from the limitation placed on import duties in the Treaty of 1862 in order to increase the revenue from customs. It was proposed to increase the import duty to 20 per cent *ad valorem*, applicable to all nations. The United States Government agreed to the Turkish proposal and went so far as to appoint a representative to sit on the proposed commission for the negotiation of a new treaty. But the objections of the European powers whose exports to Turkey greatly exceeded those of the United States frustrated Turkish plans. Consequently the tariff arrangements then in force automatically continued for seven years.[5]

The Turkish proposal to increase the import duty was revived in 1883. The draft of a proposed new treaty between the United States and Turkey was presented by the Ottoman Minister which provided for an increase of import duties from 8 to 20 per cent *ad valorem*. Under the terms of existing treaties with European powers, however, the Turkish Government was not free to raise the import duties on merchandise imported from those countries. While they would continue to enjoy the benefit of an 8 per cent duty on their exports, the proposed treaty would require Americans to pay 20 per cent. Therefore, on the technical ground that Turkey had failed to give due notice of desire to terminate the existing convention, the United States Government refused to accede to Turkish proposals.[6]

In 1884 the Turkish Government insisted that the Treaty of 1862 was null and void. In its communication the United States Government was requested to appoint a delegate to a commission for tariff revision. The American Government was not inclined to press its claim to the validity of the Treaty of 1862 provided it received most favored nation treatment. Consequently the Secretary of State reiterated the willingness of his Government to negotiate a new treaty on the basis of equality with other powers and Consul General G. H. Heap was authorized to participate in the discussions concerning tariff revision. At the same time the United States Minister was instructed to fall back on the Treaty of 1830, if it became necessary to do so, in order to prevent the levying of higher duties on American merchandise than those placed on the goods of other nations.[7]

The negotiations of the commission to which Mr. Heap was appointed proceeded slowly. Late in 1886 the American Consul reported that the negotiations of the previous two years had resulted in practical agreement with the Turkish proposals on the part of England, Russia, Germany and Italy. The Austrian and French treaties not having expired, the representatives of those two countries were demanding an import duty of 3 per cent *ad valorem* on ready made clothing. In order to grant such a rate the Turkish Government would have had to reopen its negotiations with all the other powers. The *impasse* which followed resulted in the suspension of negotiations with an agreement that the old rate of 8 per cent *ad valorem* should prevail but the valuation schedule was based on current values. That arrangement worked particular hardship on the Turkish Government for price levels had fallen considerably since 1862. The American representative experienced considerable difficulty in arranging appointments with Turkish officials. He was informed that their time was fully occupied with the other commissioners but that they would see him at their first opportunity. "I have been secretly informed, however," wrote Mr. Heap,

> that the Turkish delegates did not think it would be necessary to discuss the tariff with the American delegate and that they considered it would be sufficient to present it in the form agreed upon with the other Powers, to the United States Legation.[8]

In support of that information was the fact that the highest rates in the proposed schedules were those levied on the two chief American exports, petroleum and alcohol. The impossibility of satisfying all of the powers again resulted in the inability of Turkey to increase its customs duties.

The question of Turkish tariff revision upward took a new turn early in the twentieth century and a brief survey of some of the events leading up to the change in Turkish attitude is necessary to a complete understanding of what occurred. Following the Samsun and Maraş massacres in 1895 during which mission property was destroyed, the United States Government filed a claim for damages with the Sublime Porte amounting to $84,519. The prosecution of that claim extended over a number of years, finally being brought to a successful conclusion in 1901. Certain European powers also had filed claims for damages, notably England, France, Germany, Russia and Italy. The English claim was settled peaceably by collection of the indemnity through the conversion of the loan covering the Cyprus tribute. Failure of the Turkish Government to meet the demands of France led the Government of that country to resort to force in 1901. A French squadron seized the customs house on the island of Mytilene and then presented four demands to which the Turkish Government promptly acceded. In addition to collecting the indemnity, France received the right to rebuild all schools which had been destroyed and the Sublime Porte gave official recognition to all French schools then existing in the Ottoman Empire. The Mytilene agreement later was extended to include Russia, Germany and Italy, but the demands of the United States were ignored.[9]

Although the Government was successful in collecting its indemnity in 1901, it was unsuccessful in securing for its nationals full equality of rights granted to the nationals of European powers. When it appeared that diplomatic efforts had failed the Government resorted to a display of force, with the approval of mission interests, but with no results.[10] In the meantime the Turkish Government had been arranging quietly with European powers for an increase in customs duties without consulting the United States Government and without regard to American treaty rights. The United States Minister thereupon determined to join the issue of tariff revision with the question of discrimination against American schools and merchandise. Since the assent of his Government to the tariff increase was necessary, he decided to exercise the resulting bargaining power. Although such action was contrary to American policy, failure to use the power at his disposal was regarded as an unwarranted adherence to the doctrine of non interference. The more so, since the consent of every one of the European powers had been paid for by concessions of various kinds. The Germans, for instance, demanded that a certain portion of the additional revenue be set aside to help pay the kilometric guarantee on the Bagdad railway while the French demanded settlement of a dispute concerning the Syrian railway and the quays at Constantinople and the British insisted on the settlement of certain mining claims and guarantees of reform in Macedonia. A joint note presented by the British Ambassador set forth the five conditions under which the powers would agree to permit the Ottoman Government to increase its import duties. The first condition involved the acceptance by the Sublime Porte of the terms of the powers' joint note relating to the mining law and the reorganization of customs administration which entailed an expenditure of £T100,000 for the improvement of accommodations, a change in the regulations concerning petroleum imports and in the methods of chemically analyzing imported merchandise. The second condition required that the portion of the increased revenue accruing to the Turkish Government should be expended exclusively to meet the financial needs of the three Macedonian provinces with the additional stipulation that the Government would be held responsible for any deficit not exceeding £T250,000 a year. As a third condition the Sublime Porte was enjoined from levying any new taxes on imports. The fourth condition still further extended the capitulatory powers by demanding that local authorities recognize the right of foreign officers to intervene in the case of crime and that the Government increase police protection. As a final condition the increased duty was not to be imposed until two months after the ratification of the agreement by the Embassies and the Sublime Porte.[11]

In April, 1907, the Turkish Government set out to increase the customs duties without further delay. In so doing it completely ignored the protests of the United States Government. As the result of a final and vigorous protest from the American Government the Concert of Powers on April 10, 1907, adopted the following compromise:

> The arrangements which precede and bind the Ottoman Government to the signatory Powers can in no case dispense the Sublime Porte from asking the consent of the other Powers before this increase can be put into execution.[12]

Immediately the United States Government emulated the European powers by presenting a note setting forth the five conditions under which its consent would be given for the proposed increase in tariff rates. The first three conditions were designed to secure equality of treatment for American religious and educational institutions. A satisfactory change in the tenure of deeds of title to American property was demanded as well as permission to erect school buildings at Kayseri and customs immunity for the importation of mission supplies through the port of Beirut. The fourth condition was intended to prevent further discrimination against American commerce and demanded the removal of existing restrictions against the importation of cottonseed oil. The last condition sought to establish recognition of American exterritorial jurisdiction by demanding the recognition by the Sublime Porte of American consular courts as the only competent authority to determine legal heirs of an American citizen resident in Turkey. In an amazingly short time the Sublime Porte complied with the first four of the five American conditions whereupon the Department of State authorized Ambassador Leishman to announce his Government's consent to the request to increase customs duties.[13]

Thus, after a diplomatic struggle extending over thirty-two years, the Government of Turkey was finally permitted to raise its customs duties from 8 to 11 per cent *ad valorem* in return for extensive concessions on its part, the increase becoming effective July 12, 1907.[14]

Turkey's War and Postwar Tariff System

From 1907 until 1914 there were no changes in the tariff rates or policy of the Ottoman Empire. Just prior to the outbreak of the War the entire tariff system and customs administration were being reorganized by a foreign expert, but that commendable enterprise was interrupted by the participation of the Ottoman Empire in the world struggle. Early in 1914 the American Ambassador had agreed to the Turkish request for permission to levy a surtax of 4 per cent on all merchandise imports. Following the precedent set in 1907, that consent had been given on condition that certain pending questions regarding American interests were satisfactorily settled. Those negotiations also were interrupted when Turkey became a belligerent.[15]

Having cast its die with the central powers and being freed from the restrictions long exercised by the Allied powers, Turkey raised its import duties to 15 per cent *ad valorem* in October, 1914, without requesting the permission of any power.[16] The need for additional revenue led to the imposition of a new tariff in June, 1915, amounting to 30 per cent *ad valorem.* Years of experience with the *ad valorem* system had proven it to be unsatisfactory because of the widespread practice of falsification of invoices. Consequently, in March, 1916, that system was replaced by a comprehensive specific tariff schedule patterned after the recommendations of Sir Richard Crawford, the expert who had been reorganizing the Turkish customs administration. The rates of 1916 authorized duties equivalent to 8 per cent *ad valorem* on food stuffs and raw materials, 12 per cent on partly manufactured goods and 16 per cent on completely manufactured products. That law continued in force throughout the War and with modifications formed the basis of the Turkish tariff system until October 1, 1929.[17] In its note acknowledging the Turkish notification of the change in customs duties the United States Government stated that such acknowledgment was made without prejudice to the position which it had announced or might announce with reference to the legality of the Ottoman action.[18]

Owing to the depreciation in value of the Turkish lira, the change from an *ad valorem* to a specific tariff system proved disadvantageous to the Turkish Government. In an effort to offset the monetary depreciation a law was passed on July 20, 1920, increasing the rates five fold over those of 1916.[19] Continued depreciation of the lira caused the passage of a law on May 7, 1921, tripling the rates specified in the law of 1920, which meant that the coefficient became 15 instead of 5.[20]

In 1920 Turkish customs officials were notified by the Allied powers to return to the prewar tariff schedule of 11 per cent *ad valorem.* On September 13, 1921, an Imperial decree ordered the reinstitution of the 11 per cent *ad valorem* import duty on all merchandise entering Turkey. By that time, however, the Nationalist Revolution had proceeded so far that all of Turkey with the exception of the province of Constantinople was under the authority of the new government. Consequently the Imperial decree became effective only in a very limited district. On November 6, 1922, the Sultanate was abolished and the Government of the Grand National Assembly became effective in the province of Constantinople with the result that the import duties of May 7, 1921, were made effective for the entire country.[21]

The tariff system was then augmented by an elaborate system of consumption taxes on margarine, sugar, glucose, petroleum, coffee, tea and rice ranging from 5 to 80 piasters per kilogram. On January 11, 1923, a supplementary law increased the basic rates twelve times over those of 1916.[22] On July 24, 1923, the Lausanne treaties between Great Britain, France, Italy, Japan, Greece, Rumania and Yugoslavia on the one hand and the Republic of Turkey on the other hand were signed. Among other provisions the coefficient system of tariffs based on the 1916 specific rates was approved. It was provided that certain specialized commodities imported into Turkey from countries which were signatories of that convention should be subject to the coefficient 9 instead of 12. As a result of that agreement merchandise imports into Turkey from 1923 to 1929 fell into four groups with reference to the duties levied on them. Commodities in the first group were required to pay duties amounting to five times the 1916 rates. Articles in the second group were assessed at the rate of twelve times above the 1916 base, while merchandise in the third group was favored by the coefficient 9. The fourth group included those commodities which, in addition to the usual import duties, were required to pay consumption taxes.[23]

Following the conclusion of the Lausanne treaties representatives of the United States Government concluded and signed on August 6, 1923, a treaty with representatives of the Government of Turkey. The American treaty was patterned after the Lausanne conventions, Articles XI and XII granting most favored nation treatment. Merchandise imports from the United States, therefore, entered Turkey on the same basis as imports from other nations. An unexpected delay developed in the ratification of that convention by the United States Senate, with the result that the Turkish law increasing the import duties on merchandise from countries not having concluded commercial conventions became operative.[24] The terms of that law would have increased the import duties approximately 60 per cent, but its operation was averted by the conclusion of a *Modus Vivendi* which extended the time limit for ratification of the treaty to August, 1926. The treaty not having been ratified by the United States, the time limit again was extended to February 20, 1927. On January 18 of that year the Senate rejected the treaty. That action placed American interests in such an unfavorable position that a special *Modus Vivendi* was negotiated. Under the terms of that agreement the *status quo* regarding commercial relations between the United States and Turkey was preserved for a period of one year, dating from February 20. Provision also was made for the automatic extension of the agreement pending the approval of the Turco-American treaty.[25] A year passed and no further action was taken on the treaty. Subsequently the *Modus Vivendi* was extended on several occasions until finally it became evident that the Turco-American Treaty of 1923 would never be ratified. Moreover, on April 4, 1929, the Grand National Assembly passed a law setting the final date for all provisional agreements at June 1, 1930.[26] Under those circumstances the only alternative was the negotiation of a new treaty which was signed at Ankara, October 1, 1929. With considerable dispatch the Senate expressed its approval of the new convention on February 18, 1930, and the Grand National Assembly gave immediate life to the convention by a unanimous vote on April 12. The commercial relations of the two countries are now governed by that convention, the first article of which accords unconditional most favored nation treatment.[27]

Turkey's Present Tariff Policy

In the meantime all vestiges of former control of Turkish customs had disappeared and on October 1, 1929, Turkey's new tariff law became effective. In harmony with the policy of intense nationalism which characterizes modern Turkey, the new tariff law is protective in nature. The keynote of Turkish political policy at Lausanne in 1923 was epitomized in the slogan "Turkey for the Turks." The keynote of Turkish economic policy in 1930 is expressed by the national cry of "Turkish products for the Turks."

Adhering to the policy adopted in 1916, the new tariff schedules are specific rather than *ad valorem*, the duties being based on the weight of merchandise imported. No commodities are admitted freely unless specifically stated, while a blanket clause provides that all articles not mentioned in the tariff are subject to a duty of 40 per cent *ad valorem*. The new rates are uniform, the maximum and minimum schedules having been entirely eliminated. In place of that policy Turkey has adopted the system of mutual tariff rebates. The recent treaty concluded between Turkey and France, for instance, granted 153 exemptions or rebates to French goods. The system of coefficients also has been eliminated and payments are acceptable in paper money. At first glance it appears that the rates in the new tariff are greatly in excess of those previously in force, but if allowance is made for the present depreciated value of the lira it is estimated that the average duty amounts to 25 per cent *ad valorem.*[28] Moreover, the burden of the new duties is considerably reduced by the practice of granting conventional rates.

There were at least three motives back of the tariff law now in force. Of those three, the first and easily the most important objective is the protection and stimulation of native industries. The law seeks particularly to protect industries of textiles, wood, skin, leather and food products. It is designed to keep out luxuries, while it is intended to encourage the importation of machines, transport facilities, chemical products and electrical goods. In short, " Turkey does not wish to import articles of consumption but only those which contribute to its production." [29]

Second in importance was a desire to increase the revenue from customs. The budgeted revenue from customs duties for the fiscal year 1928–1929 was £T31,400,000, while the anticipated revenue from customs for 1929–1930 is £T35,400,000. The third objective was the elimination, or at least the reduction to a minimum, of the customary merchandise import balance which for the past several years has amounted to approximately £T50,000,000.

Obviously the three motives back of the law are contradictory in nature. Greater revenue is desired, yet some rates are made prohibitive so that imports will cease entirely. In those cases where importations continue in spite of the increased duties, it is more than likely that the volume will decline to such an extent that in spite of higher specific rates the aggregate revenue will be less. In those cases where the rates are so high as to be prohibitive an important source of revenue will be lost with no compensating protection to native industries. It would seem to have been wiser to have adjusted the rates on luxuries so as definitely to yield maximum revenue.

The desire to reduce the merchandise import balance conflicted, however, with the desire for greater revenue. Instead of levying rates on luxuries which would permit their importation, it was considered wiser to prohibit purchases of such commodities in order to assist in bringing about equilibrium between merchandise imports and exports. While the tariff may be instrumental and helpful in reducing the importation of goods which can be produced in Turkey, or the use of which can be eliminated, thereby reducing the disparity between the imports and exports, it alone cannot bring about equilibrium. There is some doubt, moreover, as to the real importance of the merchandise import balance for the part which invisible exports play is generally overlooked. There are no accurate statistics of invisible items but in 1923, when the merchandise import balance was £T60,137,482, Professor E. G. Mears estimated that the volume of invisible payments to Turkey amounted to approximately £T42,000,000. Since the merchandise import balance has declined in recent years it is possible that there is no longer any real import balance. Certainly it is not as large nor as serious as the political discussions indicate.[30] Assuming that an unfavorable balance does exist, a much more effective method of eliminating it is to encourage agricultural production, as the government is doing, thereby increasing exports and bringing about equilibrium.

A protectvie tariff alone cannot industrialize Turkey. The country is predominantly agricultural. There is very little industry and the necessary capital to develop the industrial life of the nation is lacking. If foreign goods are to be kept out of the country then foreign capital is needed to manufacture those goods within the country, but as yet very little has been attracted. In order to become industrialized Turkey must supplement its tariff policy with a policy designed to attract the necessary foreign capital. But from the standpoint of national economic gain the attempt to industrialize Turkey is unwise.

If the tariff had provided that luxuries should be assessed so as to yield maximum revenue; that goods which can be produced economically in Turkey now but need encouragement should be given sufficient protection to encourage their production; that goods which are not now, but can eventually be produced in Turkey should be admitted freely or at low revenue rates until such time in the future as their production within the country is feasible, when protection could be given; and finally, that goods which are not produced in the country and cannot be produced which are not luxurious in nature should be admitted freely or on a duty for revenue basis, there is little doubt that the economic situation now and in the near future would be more satisfactory.

Three major considerations caused the Government of Turkey to forego a policy based solely on economic principles. The first was the high tariff policy being pursued by all other nations. The world-wide tendency toward protection gave rise to the fear that Turkey, being highly specialized in the production of a limited number of agricultural products, would be totally dependent on protected markets for the sale of its goods as well as absolutely dependent on none too friendly nations for the manufactured goods needed. The second and probably chief consideration was the belief in the inevitability of war and of the consequent necessity for economic self sufficiency. That phase of Turkish policy was outlined by Faid Bey, a former member of the Grand National Assembly, in the following words:

> It is said that our country is a country of tobacco and fruits and that we should encourage our producers to obtain the maximum production of those articles and that with the money gained from those products we should buy the articles of which we have need from abroad. That policy is called in political economy free trade but I do not consider it very advisable.

The Deputy added that even though tobacco production be increased there is no assurance that it can be sold or that commodities needed in the country can be purchased. In modern warfare economic coercion is a powerful weapon. In recognition of that fact, Turkey should follow the opposite policy of producing its own commodities as a matter of national defense.[31]

While the foreign policy of the present Government is definitely peaceful, its fear of war arises out of experiences in the recent past and its fear of aggression, as well as the knowledge that its geographical location is likely to embroil it in any war between European nations. The final consideration was the fear of foreign political control through economic penetration, such as characterized the former régime. Consequently, without any great illusion as to the economic loss involved, Turkey has deliberately adopted a tariff policy designed to assist in developing an economically self sufficient nation for purposes of national defense.

Imperial Decrees Prohibiting Imports

Although Ottoman authorities were compelled to maintain nominal duties on imports the Sultan issued Imperial decrees from time to time which completely or partially prohibited trade in certain commodities and restricted the manner of doing business. It is difficult, therefore, to say what commercial policy prevailed in Turkey for elements of free trade, of protection and of prohibition were encountered simultaneously.[32]

From time to time, especially under the reign of Sultan Abdul Hamid, the importation of various commodities was prohibited. Among such restrictions were those applying to firearms and ammunition, hand printing presses, typewriters, telephones, electric lights and electric transit systems, certain poisonous drugs, paint, medicines, salt, cottonseed oil, American pork and automobiles. In addition, the use of old newspapers in packing was forbidden and a rigid censorship was exercised over the importation of books, periodicals and papers, while correspondence through commercial cipher was prohibited.[33]

The constant fear under which the Sultan lived lay back of many of the restrictions. The prohibitions against firearms and ammunition, printing presses, typewriters, telephones and use of old newspapers in packing, the use of commercial cipher and the strict censorship of books, periodicals and papers were all designed to forestall revolutionary activities. For the same reason the actions of all foreigners, especially missionaries, were carefully watched. The Sultan was much less concerned over the religious doctrines advanced by missionaries than he was about the political ideas which they might impart either directly or indirectly.[34]

The restrictions imposed on the importation of salt were designed to protect the government's fiscal monopoly, while those against cottonseed oil had for their purpose the protection of Turkish producers of olive oil.[35] From 1881 to 1903 a lengthy diplomatic correspondence was carried on between the Governments of Turkey and the United States concerning the former's prohibition of American importations of pork. It was claimed that trichinae were found in American meat, although rigid tests by the United States Government established the purity of the pork. The American Government was convinced that the meat products of its nationals were being subjected to discrimination and following vigorous protests to the Ottoman Government the restriction finally was removed in April, 1903.[36]

In the latter part of the nineteenth and early in the twentieth century increasing discriminations against American products became so glaring that President McKinley referred to the question in his annual message to Congress in December, 1899. He mentioned particularly the difficulties encountered by exporters of flour. That product had just entered the Turkish market for the first time as a result of the low cost transportation afforded by the newly opened American shipping service. The barrier of transportation having been removed, American flour was offered for sale in the markets of Constantinople for 30 per cent less than prevailing prices. That competition almost completely deprived the local mills, which were largely owned by Greeks, of their market. In self protection the owners bribed the customs officials to reject American flour on the basis of insufficient gluten and elasticity. The American Minister protested vigorously and demanded scientific tests to establish the quality of the flour. The results demonstrated conclusively that the American product met all requirements and the restrictions were lifted.[37]

In 1905 and 1906 several American manufacturers of typewriters, including the Hammond, Oliver, Smith Premier and Remington companies, registered complaints that Turkish governmental authorities had interfered with shipments of their typewriters to consumers in Turkey. The Turkish law required a certificate to the effect that each imported machine was destined for the use of the buyer. Even though properly accompanied by such certificates, several shipments had been delayed or refused admission. The American Minister was successful in clearing the shipments through customs but explained that the real cause of the difficulty lay in the fear that the machines, especially if equipped with Turkish or Arabic characters, would be used in printing revolutionary propaganda.[38]

The Young Turk Revolution, which began in 1907, had a purging influence on the complicated system of restrictions which had developed. Many of the restrictions were removed altogether. The press was freed from censorship and all materials for printing were admissible. Electrical goods also were admitted freely as well as firearms.[39] The change was short lived, however, for soon after the rise to power of the Young Turks three of the leaders arrogated to themselves absolute power and became as autocratic as the Sultan whom they had opposed. Fearing counter revolution, the "triumvirate" resorted to a reign of terror which resulted in the restoration of many of the restrictions.[40]

During the Turco-Italian War, the Balkan Wars and the World War, the Government of Turkey imposed military restrictions on commerce as did the governments of all belligerent nations. Following the Armistice in 1918 and the Allied occupation of Constantinople many of the restrictions were removed and there was a great increase in the volume of importations from America. During the war with Greece, however, military restrictions again were imposed by the Nationalist Government over that part of the country under their control.

Following the success of the Nationalist Revolution, the system of restrictions and prohibitions was revived. In some cases the motive was fiscal, in other cases regulatory, and in certain instances designed to encourage domestic industry. It will be recalled that under the terms of the Lausanne Treaty the new Government was prevented from increasing import duties on merchandise before August 6, 1929. The system of restrictions and prohibitions proved a convenient method of circumventing that provision. As an encouragement to industry, the importation of artificial silk and silk products was prohibited in order that the Bursa silk industry might be revived. A law also was passed requiring that all uniforms of government employees be made of locally manufactured cloth. Fiscal monopolies were established on tobacco, liquors, sugar, matches and petroleum. Regulatory restrictions prohibited the importation of munitions and cotton seed infected with boll weevil. Although a representative of the Nationalist Government signed the International Convention for the Abolition of Import and Export Prohibitions and Restrictions, his action has not been approved by the Grand National Assembly. Two explanations for the failure of the Assembly to approve the Convention have been advanced. In the first place, neighboring nations have not agreed to the treaty. More important, however, is the fact that Turkey grants unconditional most favored nation treatment or conditional most favored nation treatment in cases where mutual tariff rebates have been granted. There are no important restrictions or prohibitions now in force, consequently the Tariff Act of 1929 alone regulates the conditions under which merchandise may be imported from abroad.[41] It should be added, however, that a transaction tax amounting to 6 per cent of the CIF value plus landing charges and customs duty is collected in the customs house. Also an *octroi* tax levied by Turkish municipalities must be paid before the goods are cleared.

Summary and Conclusions

Until 1914 Turkey's customs duties were subject to the control of European powers. As a result of that outside restraint, duties on merchandise imports were kept at a low level. From 1830 to 1907 the rates were 8 per cent *ad valorem.* In the latter year, after a struggle extending over three decades, customs officials of the Ottoman Empire were permitted to increase the rates to 11 per cent *ad valorem* in return for extensive concessions. The conditions under which the United States Government assented to that increase called for guarantees of equality of treatment for American schools and merchandise. During that period import duties were so low as to have no detrimental effect on the flow of merchandise from the United States to Turkey. A unique system of control of imports was achieved, however, through prohibitory decrees which were used by the Sultan as a means of preventing possible revolutionary activities. The system was revived by the Nationalist Government during the early years of its incumbency. The restrictions and prohibitions have gradually been eliminated, however, so that today the terms under which merchandise may be imported are found in the tariff law of 1929.

During the War and postwar periods, as the result of freedom from foreign control, import duties were raised and the specific tariff system adopted. A complicated system of consumption and monopoly taxes also was put into force with the result that import trade was restricted and at times seriously hampered. Those rates particularly affected imports from the United States which consisted largely of necessities to which the consumption taxes applied.

In 1929 the new Government of Turkey first achieved complete sovereignty in tariff matters and the law which became effective on October 1 of that year definitely inaugurated a clear cut protective policy. Under existing circumstances that law was not well designed to serve the best national interests of the country, but the government has deliberately adopted a policy of economic self sufficiency influenced by considerations of national defense. While the new rates are equal to approximately 25 per cent *ad valorem,* they vary from the extreme of prohibitive duties on luxuries to exemptions for agricultural machinery. Hence, the Turkish policy of favoring importation of automobiles, agricultural and industrial machinery leads to the conclusion that the new tariff will not seriously retard the rapid expansion which American exporters are making in supplying Turkey's requirements for such commodities. Moreover, the Turkish tariff policy contemplates mutual tariff rebates in its treaties with other nations, the benefits of which will be shared by exporters of the United States through the most favored nation clause in the Treaty of Ankara.

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XI

American Politics, Tariffs and Trade with Turkey

A Political Question in America

An account of the part played by United States tariffs in Turkish-American trade is entirely different from the exposition of Turkish tariffs in their effect on trade with the United States for the government of the latter country has always enjoyed complete sovereignty in tariff legislation. Beginning with the famous Report on Manufactures prepared by Alexander Hamilton in 1792, the principle of levying tariffs for the purpose of protecting American industry has found favor in the United States. From the Tariff Act of 1816 to that of 1930 the principle of protection has dominated American tariff legislation. Throughout that span of years the tariff question has been a political rather than an economic issue, with the Republican Party championing the cause of protection while the Democrats unsuccessfully represented the principle of a tariff primarily for revenue. As a result of that situation the rates of duty imposed on merchandise entering the United States have fluctuated widely, depending on the fortunes of each political party. In recent years, however, the Republican Party has enjoyed the favor of the voters and the principle of a high tariff for protection is in the ascendency. At the same time the Democratic Party has become an adherent of the protective principle so that the difference between the two Parties is one of degree only.

American Duties on Imports from Turkey

In past years most of the important imports from Turkey have been subjected to the payment of duties for the privilege of entering the country. While in a few cases those duties were primarily designed to yield revenue, in most cases their object was to protect similar American industries from Turkish competition. Table 18 presents a comparison of American tariff rates over a period of years on seven of the leading imports from Turkey.

Since tobacco is the chief import from Turkey and is so dis-

TABLE 18

COMPARISON OF UNITED STATES TARIFF RATES FROM 1883 TO 1930 INCLUSIVE ON PRINCIPAL COMMODITIES IMPORTED FROM TURKEY [1]

Commodity	1883	1890	1894	1897	1909	1913	1922	1930
Tobacco, leaf, unmanufactured								
not stemmed	—	35¢ lb.	35¢ lb.	35¢ lb.	35¢ lb.	35¢ lb.	35¢ lb.	35¢ lb.
stemmed	40¢ lb.	50¢ lb.	50¢ lb.	50¢ lb.	50¢ lb.	50¢ lb.	50¢ lb.	50¢ lb.
Fruits and nuts								
Dates	1¢ lb.	free	20% AV	½¢ lb.	1¢ lb.	1¢ lb.	1¢ lb. *	1¢ lb. *
Figs	2¢ lb.	2½¢ lb.	1½¢ lb.	2¢ lb.	2½¢ lb.	2¢ lb.	2¢ lb.	5¢ lb. *
Raisins	2¢ lb.	2½¢ lb.	1½¢ lb.	2½¢ lb.	2½¢ lb.	2¢ lb.	2¢ lb.	2¢ lb.
Almonds								
not shelled	5¢ lb.	5¢ lb.	3¢ lb.	4¢ lb.	4¢ lb.	3¢ lb.	4¾¢ lb.	5½¢ lb.
shelled	7¢ lb.	7¢ lb.	5¢ lb.	6¢ lb.	6¢ lb.	4¢ lb.	14¢ lb.	16½¢ lb.
Filberts; walnuts								
not shelled	—	3¢ lb.	2¢ lb.	3¢ lb.	3¢ lb.	2¢ lb.	2½¢ lb. †	5¢ lb. †
shelled	3¢ lb.	6¢ lb.	4¢ lb.	5¢ lb.	5¢ lb.	4¢ lb.	5¢ lb.	10¢ lb.
Rugs and carpets	45¢ sq. yd. 30% AV	60¢ sq. yd. 40% AV	40% AV	44¢ sq. yd. 40% AV	44¢ sq. yd. 40% AV	25% AV	55% AV	50¢ sq. ft. ‡ not less than 45% AV
Hides and skins	free	free	free	15% AV	free	free	free	free
Wool, unmanufactured, unwashed	32% to 50% AV	32% to 50% AV	free	11¢ lb. to 66% AV	4¢ to 7¢ lb.	free §	12¢ lb. ‖	24¢ lb. ¶

TABLE 18—*Continued*

Opium, unmanufactured, containing over 90% morphia	$1 lb.	free	free	$1 lb.	$1.50 lb.	$3 lb.	$3 lb.	$3 lb.
Morphine	—	—	50¢ oz.	$1 oz.	$1.50 oz.	$3 oz.	$3 oz.	$3 oz.
For medicinal use	—	40% AV	20% AV	40% AV	40% AV	60% AV	60% AV	60% AV
For smoking	$10 lb.	$12 lb.	$6 lb.	$6 lb.	Prohibited	Prohibited	Prohibited	Prohibited
Licorice								
Paste, rolls, etc.	7½¢ lb.	5½¢ lb.	5¢ lb.	4½¢ lb.	2½¢ lb.	1¢ lb.	25% AV	20% AV
Root	free	free	free	free	free	¼¢ lb.	½¢ lb.	free

[1] (*a*) *Comparison of Tariff Acts of 1883 and 1890*, FINANCE COMMITTEE, UNITED STATES SENATE, Washington, 1890, *Passim.*
(*b*) *Comparison of Tariff Acts of 1894 and 1897*, *Senate Document No. 188*, Washington, 1897, *Passim.*
(*c*) *Tariff Act of August 5, 1909, H. R. 1438*, TREASURY DEPARTMENT, Washington, 1909, *Passim.*
(*d*) *Tariff Act of October 3, 1913, H. R. 3321*, TREASURY DEPARTMENT, Washington, 1913, *Passim.*
(*e*) *Tariff Act of 1922, H. R. 7456*, TREASURY DEPARTMENT, Washington, 1922, *Passim.*
(*f*) *Tariff Act of 1930, H. R. 2667*, TREASURY DEPARTMENT, Washington, 1930, *Passim.*

* If prepared or preserved 35 per cent *ad valorem;* figs 40 per cent in 1930.

† Walnuts: (1922) not shelled 4¢ lb.; shelled 12¢ lb.
(1930) not shelled 5¢ lb.; shelled 15¢ lb.

‡ 60 per cent *ad valorem* if made on power loom.

§ Mohair 15 per cent *ad valorem.*

|| Mohair 31¢ lb.

¶ Mohair 34¢ lb.

tinctive as to be outside the scope of competition, it might be presumed that a tariff levied on imports would be designed primarily to yield revenue. A comparison of the rates since 1890 shows that in spite of the increasing volume of imports there has been a constant duty of 35 cents a pound for unstemmed unmanufactured leaf tobacco. It is also seen that during the same period there has been an additional levy of 15 cents a pound for the privilege of importing tobacco which has been stemmed. That legislation presumably was intended to protect American workmen from the competition of cheaper Turkish labor. Yet from a national point of view the duty is uneconomical, for the work could be done at a lower cost in Turkey while the more efficient American labor could be used in other activities yielding a greater return. In short, the workmen of Turkey enjoy a comparative advantage in that type of work. Yet the benefit which might accrue to both nations is destroyed by the American legislation.

The table shows that the duties on fruits and nuts have been consistently high, with a sharp rise in 1930. The chief species included under this category also are produced in the United States, consequently the tariff was intended to protect producers of those commodities from the competition of Turkish goods. As an encouragement to the early producers of California, importations of figs from Turkey were permitted only on payment of a duty of 2 cents a pound which enabled the American producers to establish their industry. With that protection, Californian production has increased greatly. Under those circumstances it is difficult to justify the continuance of such protection, yet the recent tariff law advanced the rate to 5 cents a pound! In spite of the high duty in the past, American consumers have demanded large quantities of Turkish figs each year, but the present rate must certainly curtail imports. The rates on other fruits and nuts have been high also and, as in the case of tobacco, a differential has favored the importation of unshelled nuts. Although the American market has not been closed heretofore, it is impossible to estimate what the volume of imports might have been under conditions of free entrance or payment of a revenue duty. Certainly the natural advantage enjoyed by Turkish producers has been neutralized through American tariff legislation.

Oriental and Turkish rugs have been subjected to the payment of high duties under most tariff acts. It will be noted, however, that in 1894 Democratic legislation reduced the rates, but in 1897 the duty was increased to the equivalent of 82 per cent *ad valorem*, only to be reduced to 25 per cent in 1913 and raised to 55 per cent in 1922. Such duties, in addition to yielding considerable revenue, cannot have failed to afford a large measure of protection to the American machine made rug industry. The 1930 rate of $4.50 per square yard with a minimum of 45 per cent *ad valorem* is the highest specific duty ever levied and affords greater protection than ever before to the American rug industry while slightly favoring the more expensive rugs. In spite of such high rates the importation of Oriental and Turkish rugs has been an important item in the trade with Turkey, but it is impossible to say how large the trade in those commodities might have been under a duty for revenue only. Certainly the present rate renders it impossible for American consumers to gain the full benefit of Turkey's advantage in manufacturing rugs.

Being regarded as necessary raw materials, hides and skins have entered the United States free of duty with the exception of a twelve-year period beginning in 1897. In that year a revenue duty was imposed but not long continued. If the domestic supply of hides and skins had been sufficient to meet the needs of the American leather industry importations would no doubt have been subjected to the payment of customs duties.

Importations of Turkish wool and mohair arrive in the unmanufactured and unwashed condition and the customs duties have fluctuated from a high point of 50 per cent *ad valorem* to the other extreme of free entry. The schedule of rates on those products has long been the basis of bitter contention between the two political parties. As the table indicates, the Democrats have favored free importations while the Republicans have sought to win Western and Southwestern support by favoring the sheep and goat industry. An unexpected consequence of the 1913 legislation placing wool and mohair on the free list was the decline in importations from Turkey. Admitting that there were other factors involved, one result of that change was that Turkish wool of inferior grade which had formerly been imported within the low duty limit was no longer able to compete with the finer wools. In the case of mohair, American importers favored the partly finished Bradford yarns over the raw materials previously demanded.[1]

This schedule in the tariff act well illustrates the manner in which the interests of different groups conflict. As a result of the rates favoring American producers of wool the cost of wool for the American carpet manufacturer is increased, thereby partly offsetting the protection afforded by the high duties on Oriental and Turkish rugs.

Opium was formerly imported in large amounts and constituted an important item in the trade with Turkey. The rates for importation of opium intended for medicinal purposes have been 60 per cent *ad valorem* under the last three laws. Since the United States is not a producer of that drug the duty must

TABLE 19

United States Imports of Licorice Paste and Licorice Root from Smyrna Showing the Effect of an American Protective Duty [1]

Licorice Paste

Year	Pounds	Value
1873	1,311,408	$ 70,316
1874	1,218,332	79,005
1875	969,049	71,056
1876	932,096	66,354
1877	1,341,468	101,344
1878	1,204,008	76,387
1879	715,374	46,125
1880	732,783	47,340
1881	—	—
1882	2,808	210

Licorice Root

Year	Pounds	Value
1873	4,929,696	96,831
1874	7,128,361	138,464
1875	9,139,025	168,529
1876	4,716,518	80,543
1877	12,578,446	176,274
1878	20,653,369	398,672
1879	14,230,864	267,939
1880	24,038,340	445,886
1881	29,587,861	701,781
1882	21,693,263	471,028

[1] *Commercial Relations*, 1882–1883, p. 534.

be intended to yield a high revenue. Years ago the importation of opium prepared for smoking also was regarded as an excellent source of revenue, but since 1909 " the importation and use of opium for other than medicinal purposes " has been prohibited.[2] As a result of that restriction, the importance of opium imports has greatly declined.

The American tariff on licorice root and paste affords an excellent illustration of the manner in which a tariff can destroy an industry in one country and create it in another. Prior to 1872 both licorice root and paste were imported from Turkey. In that year a high duty was levied on importations of paste. As table 19 clearly shows the importation of licorice paste steadily declined and finally ceased while the importation of licorice root steadily increased during the same period. The licorice paste industry in Turkey has been completely eliminated, while the American industry has become so well established that no licorice paste has been imported in the last thirty years. Until 1913 licorice root was permitted to enter the country free of duty, but in accordance with the Democratic doctrine of tariff for revenue a light duty was instituted in that year and increased in the Act of 1922. In the 1930 Act it was returned to the free list, however.

Unlike the Turkish tariff law of 1929, the United States law of 1930 includes a long list of commodities which can be imported freely. Among such products imported from Turkey are antimony, chrome and emery ore, valonia, gallnuts, sesame seed and gum tragacanth, borax, attar of roses, olive oil if rendered inedible, rags and sausage casings. It will be seen that in practically all cases the commodities are raw materials needed in American industry and not produced in the United States. The relative unimportance of the free list is shown by the fact that in 1902 $5,969,465 worth of Turkish imports paid duty while only $2,926,275 entered freely. In 1912 the disparity was still greater, dutiable goods being valued at $16,281,731 while commodities on the free list totaled only $2,931,195. In the statistics for 1920 and 1922 no division was made between dutiable and non dutiable merchandise, but in 1928 dutiable imports were valued at $15,270,868 while the figure for non dutiable merchandise amounted to only $3,116,906.

Governmental Decrees Prohibiting Importation

As in the case of early tariff practice, there is a striking difference between the Turkish and American use of governmental restrictions and prohibitions on international trade. While such restrictions found great favor with the Imperial Ottoman Government, they were rarely used by the Government of the United States. In those cases affecting Turkish imports where they were adopted, the motive was purely regulatory. In 1884, for instance, the importation of rags from all Mediterranean regions was prohibited for the purpose of preventing the spread of disease. In recent years, however, the restriction has been removed and rags are now on the American free list.[3] Reference has already been made to the second case involving the American prohibition of opium prepared for smoking. In harmony with the international movement to restrict, and if possible to eliminate, the use of opium for other than medicinal purposes the United States Government passed a law in 1909 forbidding further imports.

Summary and Conclusions

Since the Government of the United States has always enjoyed sovereignty in its tariff legislation and the principle of protecting American industries has found great favor, it is not surprising to find that customs duties have exercised an important influence on the nature and volume of imports from Turkey. During most of the last hundred years the United States has followed the protective principle, with the rates rising higher and higher, especially since the War. The tariff law recently enacted pushes the tariff wall to a new high level which will adversely affect some imports from Turkey, notably rugs, wool, fruits and nuts. The rates on other leading imports, such as tobacco, hides and skins, are unchanged while that on licorice root is reduced.

An analysis of the rates on leading imports from Turkey since 1883 reveals considerable variation with the exception of those on tobacco. In general, they were high and even in those cases designed chiefly for revenue have no doubt afforded some protection. To the extent that the American tariff policy has interrupted the normal flow of trade with Turkey, the full gains of specialization have not been realized.

Coincidental with the American adoption of still higher import duties is the Turkish emulation of that policy which means that in the future to an even greater extent the benefits of specialization will be lost. In Turkey's case, however, the chief importations from the United States are capital goods which are admitted on the payment of low duties, while American rates on the leading imports of raw materials and consumption goods from Turkey are high. In the past the American tariff has hampered Turkish-American trade to a greater extent than has the tariff imposed by Turkey. In the future it appears that the American tariff policy will be an even greater obstacle to the full development of Turkish-American commercial relations.

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XII

Turkish Conventions and Controversy

The Treaty of 1830 and the Controversy Over Capitulations

The purpose of a commercial treaty is to establish friendly relations between two or more governments and to regulate the conditions of public and private intercourse with a view to maintaining peaceful relations and facilitating the mutually beneficial development of commerce. In fulfilling those functions the Treaty of 1830 was never satisfactory.

The most serious weakness of that treaty centered about the translation of Article IV. A controversy over its meaning developed immediately and lasted almost a century, the United States Government contending that the treaty granted full exterritorial rights in the Ottoman Empire, while the Ottoman Government stubbornly denied the extensiveness of the powers and privileges claimed.

All Western powers in their relations with Oriental nations have demanded exterritorial rights, commonly referred to as capitulations. Exterritoriality is a recognized principle of international law by virtue of which one state exercises certain sovereign functions within the boundaries of another state. Since the Koran was formerly the basis of Ottoman civil as well as religious law, civil legislation could not justly be applied to the minority groups in the Empire. Consequently Ottoman authorities adopted a system which conceded to various nationalities the right of government by their own special laws. Contrary to a widespread belief, the capitulatory system was not forced on the Ottoman Government, but rather was voluntarily adopted as a method of settling a difficult problem. In its origin the system was similar to that adopted by the United States Government in dealing with the Indian problem, under which Indians were permitted to settle their disputes according to tribal laws.

A system of capitulations was found to be in existence by the Turks when they conquered Constantinople. That system was not only adopted but extended. In 1535 certain specific exterritorial privileges were granted to the King of France. Two hundred years later they were renewed and amplified and became the "*Lettres Patents*" of May 30, 1740, which constituted the basis for all modern exterritorial rights. That treaty provided that French consuls should have exclusive jurisdiction in civil and criminal cases involving Frenchmen. In those cases where French and Ottoman subjects were involved a Turkish judge was authorized to render a decision in the presence of the French dragoman. The terms of that treaty were extended to Russia in 1783, to England in 1809, and finally to the United States in 1830.[1]

Article IV of that treaty provided that:

> If litigations and disputes should arise between subjects of the Sublime Porte and citizens of the United States, the parties shall not be heard, nor shall judgment be pronounced unless the American Dragoman be present. Causes in which the sum may exceed five hundred piasters, shall be submitted to the Sublime Porte, to be decided according to the laws of equity and justice. Citizens, of the United States of America, quietly pursuing their commerce, and not being charged or convicted of any crime or offence, shall not be molested; and even when they may have committed some offence they shall not be arrested and put in prison, by the local authorities, but they shall be tried by their Minister or Consul, and punished according to their offence, following, in this respect, the usage observed towards other Franks.[2]

At the time of ratification Turkish officials objected to the American rejection of the secret article concerning ships and also to the variance in language between the Turkish version of the treaty and the translation ratified by the United States Senate. Commodore Porter was unable to make any amends for the failure of his Government to ratify the secret article, but met the second objection by signing a document stating that "if, hereafter, any discussion should arise between the contracting parties, the said instrument shall be consulted by me and by my successors to remove doubts." [3]

In 1839 American claims to exterritorial rights were substantiated by an Imperial decree recognizing David W. Offley as American Consul at Smyrna. That official document stated that the American Consul should settle all disputes between his countrymen, that no court action should be taken against an American citizen unless the dragoman of the United States Consulate were present, and that in case of conviction for crime Americans should not be imprisoned "but acted towards in such manner as is done to other Franks." [4]

No difficulty arose during the first years in which the treaty was effective, but uncertainty concerning the extent of American rights led to a discussion in 1859 of the possibility of effecting an agreement concerning the interpretation of Article IV or, failing that, the negotiation of a new treaty.[5]

No action was taken, however, and the uncertainty continued until 1868 when the first important controversy over the extent of American exterritorial rights was precipitated. In that year Turkish authorities claimed jurisdiction over two American citizens who had been arrested and imprisoned in Syria for alleged offenses against the Ottoman Government. The United States Minister presented an official protest to the Sublime Porte but was informed that the American translation of Article IV was incorrect. The Ottoman Government insisted that the words "they shall be tried by their Minister or Consul, and punished according to their offense" no more existed in the Turkish original than the words "they shall not be arrested." The Ottoman reply concluded with a reference to Commodore Porter's written agreement binding himself and his successors to abide by the Turkish translation. The United States Government then had some twenty translations of the disputed article made by experts and in no case did the words to which the Ottoman authorities objected appear.

Yet all the translations agreed that the treaty guaranteed immunity from arrest for crime and provided for the application of punishment through the instrumentality of the Minister or Consul. It was asserted that the Belgian treaty of 1838, over which there was no dispute, was identical with the terminology in Article IV of the American convention. Yet in 1869 Secretary Fish expressed the belief that the English translation was erroneous, and again in 1877 Secretary Evarts admitted the legality of the Turkish text. In settling the case of an American citizen who had murdered a Turkish subject and had been accused by the United States Consul, the Secretary of State offered to pay an indemnity of $1,200 to the family of the deceased.[6]

By the time fifty years had elapsed the dispute over the question of American exterritorial rights had become chronic. In 1884 the Turkish Minister to the United States complained that Consuls of the United States Government were not only exercising jurisdiction over American citizens but were even usurping such authority in the case of Ottoman subjects who had been guilty of crimes in the Empire. He stated that his Government had always opposed the view that such rights had been extended to the United States, a view based on an erroneous translation of Article IV of the Treaty of 1830. That article, said the Turkish official, " does not create an exceptional régime in favor of American citizens." The dispatch was concluded with a reminder that the Turkish text of the treaty alone was binding and demanding a speedy settlement of the disputed question. In his reply Secretary Frelinghuysen asserted that " admission of the Turkish text as the standard is not equivalent to a blind acceptance of the interpretation which the Porte may see fit to give to that text." He insisted that his Government had repeatedly but vainly asked the Sublime Porte for an intelligent paraphrase of Article IV as well as an explanation of the usage toward other Franks in 1830. In concluding his reply, the Secretary stated that in every aspect of the case there were two vital considerations, the first of which was the true meaning of the text of the treaty and the second the treatment of other Franks in 1830.

The controversy was continued by the Turkish Minister, Tewfik Paşa, who took exception to Secretary Frelinghuysen's arguments and asserted that his Government had attempted to elucidate the points at issue. He claimed that the question concerning the treatment of Franks in 1830 was entirely new and singular. Since Turkey had always admitted the right of American citizens to enjoy the usage and privileges granted to other nations an elaboration of the status of Franks in 1830 was held to be unnecessary. In deference to the request of the United States Government, he explained, however, that in 1830 if a Frank committed a murder or other crime the Turkish authorities should take cognizance thereof but the judges and officers were not to proceed against the defendant except in the presence of the Ambassador, the Consuls or their substitutes representing the defendant's government. In his conclusion the Turkish Minister stated finally and positively that Turkey would negotiate only on the basis of most favored nation treatment, not on the basis of American demands as based on Article IV of the Treaty of 1830.

In January, 1885, Secretary Frelinghuysen requested the United States Minister, General Lew Wallace, to submit a detailed report on the question of capitulations. In his instructions, the Secretary reiterated the Department's view that the clause relating to the treatment of Franks in 1830 was inserted as a supplementary phrase, whereas the Turks sought to establish it as the basis for exterritorial rights. A Turkish translation of the moot Article stated that

> American citizens peaceably attending to matters of commerce shall not be molested without cause so long as they shall not have committed any offense or fault. Even in case of culpability they shall not be imprisoned by the judges and police agents but they shall be punished through the agency of their Ministers and Consuls according to the practice observed in regard to other Franks.

On the basis of that translation the Secretary reduced the Turkish position to an absurdity by pointing out that the Turkish contention implied four alternate stages of procedure. In the first stage the Turks were to make the arrest, although such an act was expressly forbidden by the capitulations. In the second stage the Minister representing the defendant's government was to imprison, while in the third stage the defendant was to be tried by the Turks in the presence of his Minister or Consul. Finally the Minister was to punish, although all instrumentality in fixing a punishment was denied the Minister by the Turkish interpretation.[7]

The United States Government firmly persisted in its point of view. In 1887 Secretary Bayard summarized the origin and extension of exterritorial rights in Turkey and concluded that

> there is no necessity of basing the claims of American missionaries in Turkey on the French capitulations. They are maintained far more effectively under the treaties of Paris and Berlin, under the Turkish decrees which preceded these treaties and under the settled customs of the Porte.

During the years in which the controversy was waged many specific cases arose involving the question at issue, but in most of them the United States Government was successful in maintaining its point of view. In 1893 an important concession on the part of the American Government was made when it recognized the sovereign right of the Ottoman Government to expel undesirable aliens. The importance of that recognition was magnified by the concurrent controversy concerning the naturalization of Turkish subjects, notably Armenian, who returned to Turkey and there claimed exterritorial rights as American citizens. Beginning in 1895 and in the years following, the American recognition of that right prevented many controversies.[8]

A new phase to the Turkish viewpoint was injected in 1900. In reopening the controversy, the Sublime Porte held that in signing the Protocol of 1874, which acceded to the Turkish law granting to foreigners the right to own real estate, the United States Government had conceded certain exterritorial rights and had admitted the jurisdiction of Ottoman courts over American citizens in criminal cases as well as in those arising from the ownership of real property. That argument was based on a clause in the Protocol which stipulated that in localities more than nine hours distant from a consular agent foreigners should be tried by the Council of Elders with the assistance of the Consular delegate in actions involving not more than one thousand piasters and for an offense entailing a fine of not more than five hundred piasters. It was admitted, however, that foreigners had the right of appeal, with consular assistance.

The Sublime Porte contended that whereas the question was formerly relatively unimportant, it had now assumed serious proportions as a result of the large number of American citizens of Armenian origin resident in the interior. It was asserted that their freedom from restraint had a demoralizing effect on native Turkish subjects. After four months had passed without a response the Sublime Porte again addressed the American Minister and requested a speedy settlement of the question. As an instance of the abuses of American exterritorial privileges, the refusal of the Consul at Smyrna to serve a summons on an American citizen to appear in criminal court was cited. In January, 1901, the Sublime Porte again reminded the American Minister that its previous notes remained unanswered and requested that the case be reopened. A document was enclosed with the dispatch giving the names of twelve American citizens guilty of misdemeanor who had escaped punishment. It should be mentioned at this point that since 1895 the United States Government had been pressing the Ottoman Government for the payment of an indemnity for damage to American mission property amounting to $84,519. This reopening of the controversy over exterritorial rights was no doubt motivated by Turkish desire to establish a bargaining basis.

On March 16, 1901, Secretary Hay, in a dispatch to Mr. Griscom, enclosed a copy of instructions issued by the Department in 1890

> in which the question is elaborately summed up. There is nothing that has since been adduced by the Porte which is not already fully answered by the facts and arguments developed in the said instructions. It is there shown that the basis upon which the argument of the Porte is built is largely characterized by error of fallacious assumption and that the superstructure of said argument is wanting in solid foundation.

The Secretary added that American exterritorial rights also were granted by the most favored nation clause and that its rights were identical with those of Belgium and Portugal, which the Sublime Porte fully recognized.

With reference to the latter point an important difference between the extension of exterritorial rights should be mentioned. That difference lay in the fact that the United States Government recognized the right of expatriation, which the Ottoman Government denied. Consequently, whereas capitulatory privileges in the case of Belgium and Portugal applied only to bona fide nationals, in the case of the United States those privileges were claimed not only by native-born but by naturalized citizens and in some cases by partially naturalized aliens. Obviously, then, the assertion by the United States Government of its rights to naturalize and to protect its naturalized citizens in the country of their origin placed the entire question of exterritorial rights on a different plane than that of other countries claiming such rights.

A final effort on the part of the Sublime Porte to reopen the controversy was made in September, 1902, but the American response was similar to that of the previous year. With the exception of an interchange of notes concerning specific cases the moot question of exterritorial rights and privileges remained closed until the next important stage in the controversy, when Turkey boldly announced their abrogation.[9]

In a later chapter dealing with missions and missionary activity in Turkey, opportunity will be afforded to refer specifically to a number of cases involving directly or indirectly the question of exterritorial rights. As so frequently happens, many deserving individuals suffered grievously while their governmental representatives attempted to secure for them the privileges to which it was claimed they were entitled under the terms of the Treaty of 1830. On the other hand, there were many cases where undeserving individuals benefited by the actions in their behalf of governmental representatives who were seeking to establish a principle or precedent. The vast majority of cases, of course, involved American citizens engaged in missionary activity, and for the most part the rights which the United States Government claimed for its citizens were secured.

As early as 1856 the Ottoman Government had attempted to secure the abolition of the capitulations. Upon its admission into the family of European nations in that year, its request for permission to abrogate the capitulations was refused.[10] The perennial dispute with the Government of the United States was part of a plan to prevent, if possible, the further extension of exterritorial rights. Instead of diminishing their claim to such rights and privileges as had been acquired, the powers of Europe steadily tightened their grip year by year, so that by 1914 foreigners lived in Turkey under the aegis of an extensive régime which placed them outside the pale of Ottoman law in all activities, including commercial. In civil rights, foreigners were exempt from arrest and imprisonment by Turkish authorities, while the economic privileges carried exemption from certain taxes and permitted the free establishment of business enterprise without the consent or jurisdiction of Ottoman authorities.[11]

Under those circumstances the eagerness with which the Ottoman Government grasped the opportunity to abrogate the capitulations in 1914 can be realized. It had always been the Ottoman contention that the capitulations, having been freely granted, were therefore subject to unilateral annulment. The powers, of course, had categorically denied that claim, hence it was not until 1914 that the Ottoman Government had an opportunity to put its principle into practice. The Turkish Cabinet notified the powers on September 9, 1914, that the capitulations would be abrogated on October 1.[12] Three days later a *communiqué* of the German Foreign Office dispatched through Ambassador Gerard stated that Great Britain, France, and Russia had offered to agree to the abolition of capitulations if Turkey would remain neutral. The *communiqué* added that the Ottoman Government had replied that its neutrality was not for sale. The Allies were then taunted by the Turkish decision to abrogate capitulations without their permission, whereupon it was rumored that Germany had encouraged the Ottoman officials in their action.[13] In conjunction with other powers the United States Government filed a formal protest, denying the power of Turkey to annul the capitulations and claiming for its citizens the continuance of those rights.[14]

From time immemorial foreigners had lived in Turkey under a régime which had given them increasingly extensive rights and privileges. To many of them the thought that those rights and privileges could be withdrawn was inconceivable. As the rapid approach of October 1, 1914, brought the new order closer to reality all foreigners in Turkey were apprehensive. Yet the actual transition, though an event of tremendous importance to Turkey, was accomplished without incident. All of the foreign post offices, which the powers had previously maintained, were closed and the import duties on merchandise were increased as the first official acts of a free government.

Enver Paşa, Minister of War, assured Ambassador Morgenthau that the Turkish Government had no hostile intentions toward Americans or American institutions. As evidence of the friendly feeling on the part of that powerful official he accompanied the American Ambassador to Robert College on the first of October, where a special class was arranged for his younger brother, the two sons of the Sheikh-ül-Islam, and a son of the

Prefect of Constantinople, all of whom were below admission age. The fact that the man in Turkey who at that time was probably the most powerful individual should spend a part of the first day of Turkey's freedom from capitulatory restrictions arranging for his brother's education in an American college was held to be highly significant.[15] An additional indication of the official attitude toward American colleges was given on the 24th of October, when the Minister of Public Instruction attended a luncheon at Constantinople College for Women and later attended a reception and concert at Robert College. Not only were his expressions of satisfaction for both institutions important as indicating the future conditions under which they might continue to function, but the very fact that his was the first visit of any Minister of Public Instruction was in itself an indication of the fact that the abolition of capitulations would not seriously interfere with the work of those institutions.[16]

A year later, however, the prospects were less encouraging, for American schools and colleges were only permitted to open for the fall term under three conditions. It was demanded that religious exercises and instruction should be optional for non-Christians but might continue to be obligatory for Christians. It was required that the Turkish language be taught to Ottomans in the lower classes, and finally heavy taxes were levied on school buildings, hospitals, and real estate. The American Ambassador filed a protest to these conditions but the schools opened nevertheless throughout the country.[17]

The Ambassador also renewed his Government's protests to the power of Turkey to abrogate the capitulations. The Government of that country, however, treated the matter as a *fait accompli,* finally concluding the matter by informing the Ambassador on September 4, 1915, that any further communications relating to the question of capitulations would be disregarded. Subsequently, however, on April 10, 1916, the Minister of Foreign Affairs sent telegraphic instructions to all provincial authorities to avoid friction with American interests. In case a local dispute developed they were instructed to suspend action until the matter could be submitted to the Sublime Porte and taken up with the American Embassy. As a result of that dispatch the Embassy pressed to a successful conclusion the cases of a number of citizens whose rights had been infringed.[18]

As long as diplomatic relations were maintained with the Ottoman Government no serious difficulties arose from the abrogation of the capitulations. Following the severance of diplomatic relations by Turkey in April, 1917, there was a period of twenty-one months during which American interests were represented by the Swedish Legation. In addition to the fact that the capitulations had been abrogated, it must be remembered that Turkey was a belligerent in a war in which the governments of all nations severely restricted the rights, not only of foreigners, but of their own citizens. It is not surprising to find, therefore, that American interests did not fare well in 1917 and 1918. During that time there were three flagrant arrests of American citizens, two of whom were missionaries, the third being a former United States soldier. All three were accused of spying, were tried by court martial, imprisoned and released only when the Cabinet in power was finally overthrown. The American Tobacco Company's warehouse in Samsun was entered. Four hundred thousand kilos of tobacco were seized and taken to Constantinople for sale. Another American firm, MacAndrews and Forbes, suffered losses through requisitions and damage to their warehouse. Throughout the interior, mission and commercial property had been seized, occupied, and in many cases ruined. The American College at Beirut and the two American colleges in Constantinople continued to operate only with difficulty, as did the schools at Maraş and Tarsus. All other mission enterprises in the interior were forced to discontinue their activities and their premises were damaged as the result of military occupation.[19]

The Passing of Capitulations

The absolute defeat of the Ottoman Empire culminating in the complete surrender at Mudros on October 30, 1918, seemed to presage a certain return to the system of capitulations. Nothing was more natural than to anticipate not only a return to the *status quo ante bellum,* but an extension by the European powers of their political and economic privileges in what remained of the Ottoman Empire. Upon the occupation of Constantinople by Allied military forces the old system was immediately reëstablished and continued in effect for that part of the Empire remaining under control of the Sultanate. In the Treaty of Sèvres formal sanction was given to the régime and conditions already in force. The unexpected strength displayed by the Nationalists made it necessary for the Allies to call a new peace conference at Lausanne on November 20, 1922, for the purpose of revising the Treaty of Sèvres or of negotiating a new convention. At that conference Turkey was represented by officials of the Grand National Assembly, which had been recognized as the real government of the country. That body had adopted a National Pact which formed the basis for negotiations at Lausanne. The sixth article of that document stated that with a view to assuring the national and economic development of Turkey as well as a more regular and more modern administration the signatories considered the possession of complete independence and liberty as the *sine qua non* of Turkish national existence. They therefore opposed all juridical or financial restrictions of any nature which would have the effect of arresting national development.[20]

It was quickly seen that the success of the Conference centered about the solution of the capitulatory problem. The Turkish representatives were no more determined to secure formal recognition of the abolition of capitulations than the Allied representatives were to secure their reëstablishment. When it became evident that the Turkish delegation would cease negotiations rather than yield on the question of capitulations, the Allies suggested their willingness to modify the extent of exterritorial rights, but the representatives of new Turkey were adamant. They announced positively that they would sign no convention which provided a régime of capitulations in any form. Shortly after the opening of the conference the Turkish viewpoint was summarized in an editorial by Ahmed Emin Bey, a recognized Turkish journalist. It was asserted that the interest and caprice of a handful of foreigners had caused the Turkish people to live in slavery in their own home. The rights which foreigners enjoyed had retarded the progress of the country, and their desire to restore them was regarded by new Turkey as a sign of enmity. It was admitted that there were deficiencies in the economic and juridical machinery, but that such deficiencies were more glaring than in the case of certain Balkan States was denied. The capitulations had been demanded, it was said, because of religious prejudice, and the editorial concluded with the statement that the world would have to recognize the change in new Turkey and depend on the recognition by its leaders of those economic and juridical needs.[21] Two years after the Conference was over Ambassador Child, who had been the senior American observer at the first session, stated that he had felt from the very beginning that the capitulations would have to be abolished. He added that exterritorial rights had formed the basis of foreign interference in Turkey and expressed the opinion that the world, as well as Turkey, was better off as a result of their abolition.[22]

Because the Turkish Government stood ready to suspend all negotiations and even to resume armed conflict rather than yield an iota on its stand, the Allies themselves capitulated and agreed in the treaties which were signed on July 24, 1923, to the complete abolition of a system which had come to be regarded as of perpetual duration in the Ottoman Empire. Article 28 of the Lausanne Treaty stipulated that " the High Contracting Parties declare that they accept, each in so far as it is concerned, the complete abolition of the Capitulations in Turkey from every point of view." [23]

During the Conference the American observers had thrown the full weight of their influence in favor of the maintenance of capitulations. Faced with the signal achievement of the Turkish delegates, it was impossible for the American representatives who concluded the Turco-American treaty of Lausanne on August 6, 1923, to insist on the reëstablishment of a capitulatory régime for American citizens.[24] Consequently, Article 2 of the Turco-American convention stated that

> the High Contracting Parties declare the Capitulations concerning the régime of foreigners in Turkey, completely abrogated, both as regards conditions of entry and residence and as regards fiscal and juridical questions, together with the economic and financial system resulting from the Capitulations.

In the meeting of August 6, preceding the signature of the treaty, the leader of the Turkish delegation, Ismet Paşa, interpreted that article to provide for the complete abolition of all capitulations embodied in old treaties as well as those resulting from usage, the abolition to be applied to every sort of capitulation no matter what might be its origin or nature. The head of the American delegation concurred in the Turkish interpretation.[25]

In place of the capitulatory régime the new Government of Turkey agreed to adopt a temporary system of foreign legal advisers to be chosen from nations which had been neutral during the World War. Complaints arising out of Turkish juridical procedure were to be presented to the advisers. In principle the Turkish agreement to that proposal represented a slight concession to the Allied powers, but in practice it has proved unimportant. As a result of its victory the Turkish Government immediately set out to reform its juridical system. By adopting the Swiss Civil Code and abolishing the religious basis of Turkish law it has removed the fundamental reasons for the origin of exterritorial rights.

One of the chief reasons for the opposition which developed against the ratification of the Turco-American treaty by the United States Senate was the recognition of the abolition of capitulations. Curiously enough, however, such opposition as developed on that score was confined to those who had no direct connections in Turkey. All American interests in Turkey, including mission, educational, and business, were strongly in favor of ratification. College faculties, mission workers, and business men united in their efforts to secure the Senate's approval of the treaty. Yet their efforts were unsuccessful.[26]

Failure to ratify the treaty has in no way altered the status of capitulations. During the past seven years Americans have resided in Turkey without difficulty. So quickly have the capitulations passed into the realm of history that the Treaty of Ankara fails to mention them, their abolition now being impliedly accepted. Of course, the position of a foreigner in Turkey today is not as exalted as formerly, and those who lived for years under the old régime find it difficult to adjust themselves to the new situation. On the other hand, business men, missionaries, and teachers who have gone to Turkey since 1923 have not found the conditions under which they work to be such as seriously to interfere with the free conduct of their enterprise. As one college official smilingly said to me, " If we were issuing certain orders we should of course draft them somewhat differently," yet he added that the past seven years had passed without incident and he had had no occasion to file any serious complaint. Turkey has finally gained complete mastery within its national boundaries and, being on trial before the world, is not likely to countenance any hasty action on the part of its officials which would place the government in an unfavorable light. Consequently, it may be asserted that on the whole American interests under the new order are probably as well off today as under the old régime of capitulations, which was constantly opposed by Ottoman authorities.

Unsatisfactory Commercial Treaties

In addition to the controversy over exterritorial rights, the Treaty of 1830 quickly proved ill adapted to commercial requirements. At that time there were no American merchants in Constantinople and the total volume of American exports to Turkey was very small. Moreover, the nature of American exports was very similar to the British export trade. Consequently, on October 8, 1839, the Sublime Porte suggested to the American representative that the United States base its tariff on that of Great Britain, as outlined in the Turco-British Treaty of 1838. The suggestion was quickly followed, so that from 1839 to 1862 the commercial relations of the United States and Turkey were based not only on the Treaty of 1830 but also on the English convention of 1838.[27] In the latter year a new treaty was concluded which was likewise based on the Turco-British Treaty of 1861, being identical with the exception of one article. The new convention was to remain in force until 1890 with the privilege of termination after fourteen or twenty-one years. It was also provided that the tariff schedules could be revised after seven years. A controversy arose over Turkey's desire to increase its import duties, and its assertion that the Treaty terminated in 1884. Although never fully admitting the Turkish contention that the Treaty of 1862 was null and void, after 1884 the United States Government based its claims to most favored nation treatment on the Treaty of 1830. That convention continued to be the only treaty governing and regulating the commercial relations of the two countries down to 1917 when diplomatic relations were severed.

The Protocol and Treaties of 1874

Three important problems relating to the inability of foreigners to own real estate, to the treatment to be accorded to United States citizens formerly subjects of Turkey, and to the extradition of criminals, were thought to have been settled by the conclusion of a Protocol and two treaties in 1874.

Under the laws of Turkey in 1862, no foreigner could own real estate in his own name. If an American citizen desired to acquire property in Turkey he was compelled to buy it in the name of an Ottoman subject and have the deed made out in the latter's name. That condition operated as a severe handicap to American mission and business interests in Turkey, especially to the former, yet efforts to secure property rights were unsuccessful prior to 1874. The Ottoman refusal to permit foreigners to own real estate was based on the fact that they were subject only to their own authorities. Such being the case, Ottoman officials contended that they would be handicapped in executing Turkish laws and, what was more serious, that the concession of such a right would result in the heavy immigration of Christians who would soon outnumber Moslem property owners. The Sublime Porte therefore refused to grant property rights to foreigners until the capitulations were annulled. The powers, of course, refused even to consider such a proposal and Secretary Seward characterized the Turkish position as anomalous.[28] In 1856 the Sublime Porte had agreed to concede the right of owning real estate to foreigners but had failed to give validity to its agreement. In 1862 the Ambassadors of France and Russia made strong representations to the Porte to fulfill that part of the agreement of 1856. That action was unsuccessful but in 1867, following strong pressure which had been brought to bear by the powers, the Sublime Porte passed a law which granted to foreigners the right to hold real property in Turkey, except in the Hedjaz, where the sacred cities of Islam were located. The law was entirely unsatisfactory to the United States Government, however, for it provided that foreigners who did acquire property became subject to Turkish law in all that pertained to their property rights and *pro tanto* denaturalized them. Moreover, it was required that the various governments must accede to the law before their nationals could avail themselves of the privilege of acquiring property.[29] For a number of years the United States Government refused to accede to the Turkish statute. In 1871 Minister MacVeagh asserted that the American position was paradoxical. His Government had demanded property rights for its citizens and in response the Ottoman Government had passed a law granting such rights by subjecting the property holders to Turkish courts. The United States Government then refused to accept the law because the Turkish courts were held to be incapable of dispensing justice. Yet the reason for that situation, according to the Minister, was to be found in the extremely complicated religious situation in Turkey, which had been further complicated by the activities of American missionaries.[30]

The next year Mr. John P. Brown, *Chargé ad Interim,* advised his Government to accept the Protocol. It was his contention that the Ottoman Government would not embrace the right to hold real property in a general treaty, hence it would be wise to accept the concession as granted in the law of 1867. Moreover, he added, Turkey did not expect the passage of a reciprocal law.[31] Acting on the advice of the two representatives, President Grant issued a Protocol, October 29, 1874, accepting for the citizens of the United States the law of the Ottoman Empire ceding the right of foreigners to possess real property in Turkey.[32]

It quickly became evident that acceptance of the Protocol had not eliminated the difficulties experienced by American citizens in acquiring, holding, or transferring real property. The first evidence developed in 1881 when three American citizens protested that a purported land tax was actually a forced loan amounting to the market value of the land. In addition, they complained that the authorities had collected taxes in advance for which credit had not been given, with the result that they had been collected a second time.[33] The next year the right of a naturalized American citizen to transfer real estate was denied. At the time of the issuance of the Protocol the Ottoman Government had promised to pass a special law dealing with the rights of naturalized Americans. No legislation had been enacted, however, with the result that the denial of the right to transfer property amounted to confiscation.[34] In 1884 an American missionary purchased a piece of land from the Turkish Government which had formerly belonged to an insolvent debtor. Following the transaction, suit to recover the property had been instituted and an inferior court decreed the sale illegal and instructed the American citizen to restore the property. It was only through the vigorous action of the American Minister that title to the property was finally established.[35]

A new method of restricting property rights of foreigners was resorted to in 1891. Upon the purchase of a small piece of land by an American citizen and his request for a building permit the authorities demanded a bond guaranteeing that he would not use the land and building for school purposes, that he would not rent it nor sell it to anyone except those who would bind themselves in a similar manner. The requirements were clearly designed to interfere with missionary expansion. The American Minister, however, contended that they constituted an unquestionable violation of the Protocol, and was successful in securing their annulment.[36] In 1897 two naturalized American citizens resident in California appealed to the Department of State claiming that the Turkish Government was proceeding to deprive them of certain land in Turkey on the ground that "no citizen of the United States has a right to inherit or own real estate in Turkey." It was contended that the Turkish law of 1858 provided that land once owned by a Turkish subject who abandoned his nationality may not pass to his children. Moreover, a special law in 1869 specifically deprived persons of their real property if they left Turkey unlawfully.[37] In the same year a naturalized American citizen was denied the right to buy a house and lot in Jerusalem because he was a Jew. The American Minister protested that such action clearly violated the Protocol, and after much delay was successful in securing for the individual in question the right to purchase the desired property. In removing the restriction the Minister of Foreign Affairs informed the American Minister that the order in question had been designed to prevent a flood of Russian Jews from colonizing in Turkey.[38]

Corporations were not permitted to acquire or hold real property in Turkey unless especially authorized by an imperial decree. A director of a corporation might purchase the property in his own name and then give a deed of trust to the corporation, but in so doing he became assimilated to Ottoman subjects and lost the right of exterritoriality.[39]

While the representatives of the United States Government were successful in combating some of the restrictions placed in the way of American citizens who desired to acquire real estate, Turkish authorities successfully maintained their refusal to permit naturalized Americans of Ottoman origin to share in the rights of foreigners to acquire property. In the Turco-American treaty of 1923 the right to own immovable property was granted to American citizens and corporations, subject to reciprocity and the local laws governing such rights of foreigners. Although that treaty did not become effective, those provisions are practically in force at the present time and regulate the conditions under which American citizens may acquire property. While individuals experience little difficulty in acquiring title deeds, commercial and benevolent corporations are restricted in their rights, although the laws grant them full power to acquire property.

The conflict between Turkish and American laws on the right of expatriation made the conclusion of a treaty of naturalization highly important, but at the same time so complicated the problem that no agreement has ever been reached. A draft treaty was negotiated in 1874 but failed of ratification. It was revived in 1890 but again failed to secure official approval.[40]

A third convention negotiated with the Sublime Porte in 1874 was an extradition treaty concluded jointly with the naturalization convention. The convention concerning extradition contained the customary provisions and was proclaimed on May 26, 1875. In 1886 Minister Cox reported to his Government that the Sublime Porte did not regard the extradition treaty as being in force. The Department of State expressed surprise at the contention and maintained that the treaty was binding. On its first test, however, the Sublime Porte refused to extradite a Turk who had fled from New Jersey, claiming that the treaties of naturalization and extradition were so interwoven that when the former failed of ratification the latter also was nullified.[41]

The End of an Era

In the span of years from 1830 to 1917 the Governments of Turkey and the United States had negotiated four treaties, but had concluded only three, of which only one was effective in 1917. In addition to that treaty there was the Protocol of 1874, which accepted the Turkish law of 1867 granting to foreigners the right to hold real estate. Since the United States had not been at war with Turkey it was not a signatory of the Treaty of Sèvres but maintained that its relations with Turkey were still governed by the time-honored convention of 1830. Such would have been the case had the old régime continued, but the successful revolution resulting in the institution of a new government in Turkey completely altered the situation. Finding it necessary to convene a new peace conference, the Allies invited the Government of the United States to participate in the negotiations. In their note the British, French, and Italian Governments stated that

> the three principal Allied powers recall that a representative of the United States Government was present at San Remo in the final stages of the proceedings of the Supreme Council which led to the drafting of the Treaty of Sèvres of 1920. They would welcome the presence of a United States representative at Lausanne in a similar capacity or in a more active capacity, especially in the discussion upon the question of the straits.[42]

On October 30, 1922, two days after receipt of the invitation, the Government of the United States accepted the proposal to participate in the conference. Mr. Child, American Ambassador to Italy, was designated as head of the American delegation at the first Conference while Mr. Grew, United States Minister to Switzerland, was chairman of his Government's delegation at the second Conference.[43] Upon the final conclusion of the Lausanne Conference, July 24, 1923, the American delegation entered into negotiations with the representatives of Turkey which culminated in the conclusion of a Treaty to Regulate the General Relations Between the United States and Turkey and an Extradition Convention on August 6, 1923. By that act the United States formally recognized the Republic of Turkey and entered upon a new era in its relations with that country.

The provisions of the new treaty with reference to the four major questions which characterized the relations of the two governments may briefly be summarized. The question of the extent to which Americans were entitled to exterritorial privileges was definitely and finally solved by the recognition on the part of the United States of the abrogation of all capitulatory privileges. The right to own movable property was granted freely to Americans, reciprocally. The right to own immovable property was granted subject to reciprocity and the local laws governing such rights of foreigners. Corporations were subjected to the same provision. Most favored nation treatment was accorded the nationals of the United States as regards freedom of commerce and navigation, import and export duties, consumption and excise taxes, transit duties, drawbacks, and protection of patent and trademark rights. The fourth major problem at issue between the two Governments centered about the question of naturalization, and although an effort had been made to include a section dealing with that question an agreement had proved impossible. Failure to mention the long standing question of naturalization was a fundamental weakness of the treaty. Eight of the thirty-two articles dealt specifically with the rights of nationals of both countries, but the question at once would arise as to whether an individual was a Turkish or an American national.

The conclusion of the Turco-American Treaty called forth many favorable expressions in the Constantinople press. The leading papers of that city expressed satisfaction at the conclusion of a treaty with "the greatest Republic." The editor of *Vatan* published a lengthy editorial in which he reviewed the early relations of the two countries and mentioned the difficulties caused by disagreement over the interpretation of Article IV in the Treaty of 1830. In concluding, he expressed the conviction that the new treaty would eliminate all possible sources of difficulty.[44]

On the other hand, the treaty was greeted with a storm of opposition in the United States. The proposal to ratify that convention became a political issue, and in the ensuing debate over ratification Turkish-American relations attained great prominence in the United States. Those who were opposed to ratification complained that the treaty failed to compel recognition by the new Turkish Government of responsibility for the misgovernment and massacres of the previous Ottoman Governments. While it was admitted that the Lausanne treaties between European powers and Turkey dealt with the question of minorities, there was considerable opposition to the American treaty for failure to treat that question. It was also charged that the treaty accepted Turkish promises of reform altogether too naïvely. Specifically, the treaty was condemned for its recognition of the abolition of capitulations, for its failure to settle the question of naturalization, for its complete silence on the Armenian question, and finally because of its failure to secure recognition of the right of schools and missions to continue freely. On the latter point it was stated that since proselyting had been declared illegal in Turkey the *raison d'être* of American missions had been removed. Finally it was maintained that the Treaty of 1830 was still in force, consequently there was no necessity for ratifying the Treaty of 1923 unless it proved more satisfactory.

Proponents of the treaty vigorously denied the effectiveness of the Treaty of 1830 and contended that it was futile to demand capitulatory privileges unless the United States was prepared to secure them by military force. They argued that rejection of the treaty could in no way help the Greeks and Armenians but would rather injure their cause. Unless the United States was prepared to declare war on Turkey for the purpose of establishing an Armenian homeland that question was entirely closed, it was asserted. The fact that all Americans in Turkey, regardless of the nature of their interest there, were in favor of ratification was used with great effectiveness. Likewise the fact that twenty-seven other nations had signed treaties with the new Republic and that the American treaty provided for most favored nation treatment was used effectively. Yet, after a long delay, the Senate of the United States finally rejected the treaty by the narrow margin of six votes.[45]

The equanimity with which the rejection of the treaty was received in Turkey was surprising. While the semi-official *Milliyet* expressed disappointment, it added the belief that the United States Senate would ultimately ratify the treaty, for it would never be able to negotiate a better one. In fact there was something of satisfaction in the tone of the editorial, indicating that perhaps the new Government of Turkey was not entirely displeased at the turn of events. It was recalled that the treaty had granted certain distinct advantages to Americans in 1923 which the stronger Government of 1927 would not be compelled to grant. *Akşam* regarded the rejection as the outcome of party politics in which the Republican Party, which was friendly to Turkey, was temporarily blocked by its opponents. *Cumhuriyet* expressed something of the same opinion, to which was added the surprise of the Turks and of the Americans in Turkey at the Senate action. *Vakit* commented on the lack of animosity displayed in official and private circles and saw in the situation an indication of an advance in the political education of Turkey. *Ikdam* was less restrained in its comments. It called attention to the fact that if the exchange of goods between the United States and Turkey should cease, Turkey would be the first to suffer, consequently its future action should conform to the situation as it developed. That paper was the only one to refer to what was described as the desire of certain Americans, notably priests and missionaries, to meddle in Asiatic affairs. On the whole the press comments in Constantinople reflected a clear understanding that the rejection of the treaty was an outgrowth of the United States governmental organization which enabled the Senate to oppose the executive branch.

There was a complete lack of ill feeling as reflected in the readiness with which the Government negotiated a diplomatic *Modus Vivendi* and continued the commercial *status quo.* The subsequent exchange of notes covering the above agreements passed almost without notice in the Turkish press. A lively interest was displayed, however, in the probable choice of an Ambassador, and the final appointment of Honorable Joseph Clark Grew, who is a career diplomat and well versed in Turkish affairs, was received with high satisfaction in Turkey.[46]

Present Treaty Relations

When a Turkish law was passed setting the final date for provisional commercial agreements at June 1, 1930, and as it became increasingly evident that the Lausanne Treaty would never be accepted by the Senate, it became necessary to negotiate a new treaty. In accordance with the terms of the *Modus Vivendi,* conversations were begun in the summer of 1929 culminating in the signature of a treaty on October 1. The new convention is a treaty of commerce and navigation containing five articles, of which the first, granting most favored nation treatment, is the most important. Perhaps because of its simplicity as well as the changed attitude toward Turkey in the United States the treaty met with no opposition and was quietly and quickly approved by the Senate on February 18, 1930. On April 12 the new convention was ratified by the Grand National Assembly and became effective April 21, when ratifications were exchanged. The Treaty of Ankara will remain in force only three years, after which it will continue until one year from the date when either of the High Contracting Parties shall have notified the other of an intention to terminate it. Obviously it is temporary in nature and limited in scope. The diplomatic *Modus Vivendi* continues to regulate the political relations of the two countries and all of the important problems which remain unsettled must be dealt with in subsequent conventions.[47]

Summary and Conclusions

The purpose of a commercial treaty is to establish friendly relations between two or more governments and to regulate the conditions of public and private intercourse with a view to maintaining peaceful relations and facilitating the mutually beneficial development of commerce. In fulfilling those purposes the Treaty of 1830 was never satisfactory. A controversy over the extent of exterritorial rights developed at once and continued under varying circumstances until 1923. Even then the recognition by the United States of Turkey's abrogation of the capitulations was one of the important causes for the rejection of a treaty negotiated in that year.

The treaty was ill adapted commercially and was soon replaced by the Turco-British convention of 1838. The Treaty of Commerce and Navigation concluded in 1862 soon led to a controversy over tariff rates and termination. The Ottoman Government contended that the treaty was null and void in 1884, whereupon the Government of the United States, while refusing to accept the Turkish view, fell back on the Treaty of 1830 for the regulation of its relations with Turkey.

The right to own real estate was long denied to foreigners and never incorporated in a formal treaty. As a result of pressure from without, the Government of the Ottoman Empire passed a law in 1867 granting to foreigners the right to acquire real property in Turkey. The provisions of that law became effective for citizens of the United States through the Protocol of 1874. But the benefits of that action were partially neutralized by Ottoman restrictions of various kinds.

The conflict of Turkish and American law on the right of expatriation made a treaty essential, but the only one concluded was rejected. Up to the present time there has been no solution of the problem of naturalized Americans resident in Turkey.

An extradition treaty was concluded in conjunction with the naturalization treaty in 1874. While it was held to be operative by the United States Government, it was declared null and void by the Ottoman Government in 1884, and on its first test in 1909 Turkish authorities refused to recognize it. A second extradition treaty negotiated in 1923 was never voted on by the Senate.

The establishment of a new Government in Turkey led to the need for a new treaty. A convention was concluded at Lausanne, August 6, 1923, which recognized the abrogation of the capitulatory régime in Turkey, provided for the ownership of real estate by American citizens in Turkey, and guaranteed most favored nation treatment, but the negotiators were unable to agree on a solution of the naturalization question. That treaty was rejected by the Senate of the United States, and Turkish-American diplomatic relations were resumed on the basis of a *Modus Vivendi* which is still in force. A new treaty regulating commercial relations became effective April 21, 1930, exactly one hundred years after the establishment of diplomatic relations with Turkey.

In the past, inability to conclude treaties, disagreement in interpreting such as were concluded, and failure of the Sublime Porte to extend full rights granted by treaty operated as a barrier to the full development of commercial relations. While there are many unsettled questions at issue, at present the Government of the United States is no longer dealing with a reactionary sovereign but rather with a representative Assembly of a new Republic. Laws, conditions, and customs have changed so that a precise, careful, and minute stipulation of the conditions under which nationals may assume residence, conduct business, and engage in commerce is not as essential as formerly. Sentiment in the United States is becoming increasingly favorable to new Turkey, which means that subsequent treaties will no doubt be approved without difficulty. At the beginning of the second century of Turkish-American relations the prospects therefore are excellent that such treaties as shall be concluded, instead of leading to controversy and hampering commercial development, will promote harmony and facilitate, as they are intended to do, the intercourse of citizens of the United States and Turkey.

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PART IV

AMERICA OPENS THE DOOR IN TURKEY

XIII

America's Good Will Investment in Turkey

American Missionaries Enter Turkey

ONE hundred eleven years ago the American Board of Commissioners for Foreign Missions of the Congregational Church made the important decision to establish a mission in the Ottoman Empire. At that time Turkey was one of the leading powers in the world, with a population of 35 million people and a territory extending over three continents. From a mission point of view it was especially important as head of the Moslem world.

On November 3, 1819, the Reverend Levi Parsons and Pliny Fisk sailed from Boston on the *Sally Ann* bound for the new mission field. The missionary outpost which had been established at Malta in that year was reached on December 23, but the two pioneers did not linger. On January 9, 1820, they sailed for Smyrna, reaching that port six days later, where they reported a cordial reception.[1] Upon landing in Smyrna, those two missionaries inaugurated a project which has since assumed vast proportions and has contributed an interesting and important chapter to Turkish-American relations.

The original objective of the mission was Palestine, and the first mission was opened in Jerusalem in 1823, but difficulties led to its abandonment in 1827. A station was opened at Beirut, Syria, in 1825 and at Smyrna in 1828 but both were closed in 1830 owing to the deaths of mission workers and the disturbed political conditions in the Empire. The Beirut station was quickly reopened in the following year and a prospecting party sent to Armenia and Georgia.

The year 1831 marked the beginning of a second phase in the development of American missionary work in Turkey. Coincidental with the opening of the American legation at Constantinople a mission station was established in the Ottoman capital. Two years later the Smyrna station was reopened and new outposts were established at Bursa and Trabzon in 1834. From that time on the mission work expanded rapidly. In

1869 there were twenty-one principal stations throughout Turkey manned by forty-six American missionaries assisted by a large number of native Armenian workers. In addition to churches and religious work there were 185 schools and the following year three physicians were added to the staff.[2] By 1891 the mission to Turkey had become the most important project of the American Board and has continued to be its leading mission up to the present time. Nine years later at the beginning of the new century, although the principal stations had not been increased, there were many more substations and the force of missionary workers had reached the number of 162.[3] Upon the outbreak of the World War the American Board was operating seventeen principal stations and 256 substations with a force of 174 American workers. In addition to church work a large establishment was engaged in the publication of religious tracts, there were nine hospitals and 426 schools attended by over 25,000 students.[4]

From that high peak of American missionary endeavor in Turkey the work quickly dropped, due to the War, to such a low point that by 1918 there was practically no missionary activity in Turkey. All of the schools and churches were closed and hospitals were occupied by military forces. There were only thirty-six American missionaries in the field.[5] There was a brief revival in 1919 but in 1920 the administrators of one of the most important of the mission colleges, Anatolia College located at Merzifon, being suspected of implication in a Greek plot were ejected along with all missionaries and the college was closed. A year later all of the missionaries were expelled from Harput after seventy years of work in that center and the attitude of the government prevented missionary work in Trabzon, Sivas and Talas, while the loss of the Greek population at Bursa and Smyrna stopped the work in those cities. In the face of that discouraging outlook which was rendered still more difficult by the abrogation of capitulations in 1923 and the exchange of minorities, the American Board in September of that year voted to continue its work in Turkey for the Turkish people.[6]

Five years after the inauguration of the new policy the work of the American Board in Turkey was concentrated in eight principal centers, two substations and five outstations. There were 133 American missionaries and 40 associate workers. The restricted medical work was centered in three hospitals[7] while the new emphasis placed on education by the government had reduced the number of schools to 8 with an enrollment of 1,608 students.

Since the inauguration of American missionary activity in Turkey over a century ago the American Board has spent over $13,000,000 in the promotion of its work in that field. While the average yearly expenditure amounts to $120,000, the appropriation for 1928 was $360,000, the largest in the history of the mission.[8]

The large expenditure of manpower and money for the advancement of religious work in Turkey places it in first place among missionary fields of the world. Moreover, if all other organizations interested in mission, educational and philanthropic work are included, it is asserted that they represent a constituency in the United States

> covering the entire country, including both men and women, in all walks of life, numbering fully three fourths of the entire population of the United States: all departments of American political, professional and religious life are represented among the directors and promoters of these interests.[9]

A unique feature of the extensive American missionary effort in Turkey was the fact that although that large project was being conducted in Turkey it was not designed for Turkey or the Turks but rather for the minority elements in the Empire. The purpose of the American Board as stated in its charter is to propogate " the Gospel in heathen lands by supporting missionaries and diffusing a knowledge of the Holy Scriptures."[10] In conformity with that objective the original mission to Turkey was intended to convert Moslem inhabitants of that Empire to Christianity. Upon reaching the field, however, the missionaries found the nominal Christians in those regions in such a deplorable condition that it was considered essential to revive and regenerate the Christian church as it existed in minority centers before any progress could be hoped for in attempts to evangelize Moslems.[11] As a result of that situation only twenty-three Moslems had been baptized in Constantinople by 1861.[12] As early as 1843 the chief activities of the mission were asserted on behalf of the Armenians, although " the Greeks were not forgotten." [13] In the following year the name of the mission was changed, being referred to thereafter as the " Mission to the Armenians " and " the Mission to the Jews." [14] The original mission to the Greeks was abandoned, and in 1857 as a result of the greater success achieved by Scottish missionaries, the American mission to the Jews also was abandoned. In subsequent years the mission again was renamed, finally being referred to as the Mission to Western Turkey, the Central Turkey Mission and the Western Turkey Mission, but in spite of the change in name the predominance of interest in Armenians continued.

That early change in the objective of the American Board constituted an important development in mission policy in Turkey which has continued until recent times. The fact that the Board's work was conducted for the benefit of Armenians and Greeks rather than for the Turks led to important consequences in Turkish-American relations. Although the evidence indicates that American missionaries in most cases maintained a scrupulously impartial attitude in political questions, the Ottoman Government always regarded them as instigators of Armenian political ambitions. It is no doubt true, moreover, that the influence of their work played an important indirect part in the development of Armenian nationalist desires. On the other hand, the position of the American missionaries was made difficult by the fact that some of the Armenian leaders objected to their failure to participate actively in their political movements. From the mission point of view the early change in policy assumed a new significance in 1923 when a changed world and changed conditions left the mission with an extensive plant and equipment in a country where there was no longer an important Armenian and Greek population. Faced with that condition the Board was compelled to choose between an abandonment of the mission to Turkey or of a complete and fundamental change in policy. The latter choice was accepted and mission work in Turkey today is on an entirely new basis with its future development a matter of conjecture.

Robert College as an Outpost of American Education

There is a widespread belief not only in America but in Turkey that Robert College is a missionary institution. While it is true that the school was closely connected with the American Board work in its inception, still it was founded and has always continued as an independent institution. Under the leadership of Cyrus Hamlin a mission seminary was opened in the summer of 1840 in Bebek, a suburb of Constantinople. Nineteen years later Mr. Hamlin resigned from the mission Board in order to assume charge of the new Protestant college to be founded in Constantinople. The Board thereupon transferred its seminary to an interior city and in 1863 Robert College was opened in the building owned by the Board and formerly used as Bebek Seminary.[15]

The new American College was established through the munificence of Christopher R. Robert, a wealthy merchant in New York City. President Hamlin had selected a choice and imposing site for the location of Robert College, but asserts that the opposition of French and Russian interests blocked his plan to purchase it. His efforts to secure support from the United States Minister were unsuccessful, whereupon he secured an unofficial promise from the English Ambassador to assist him in obtaining the necessary permit for purchasing the desired land. That official also failed him and it appeared for a time that some other plan would have to be evolved.

It so happened, however, that in the summer of 1868 Admiral Farragut paid an official visit to the capital of the Ottoman Empire. Upon arrival of the Admiral the *U. S. S. Frolic* was permitted to pass the Dardanelles without question, but his flagship, the *U. S. S. Franklin,* was excluded under terms of the Treaty of Paris of 1856, because of its dimensions. In response to a request by the United States Minister for special dispensation the Turkish officials asserted that such an honor could be granted only to " princes of the blood." The American Minister contended that such a rule was discriminatory against a Republic such as the United States and added that Admiral Farragut had been received with princely honors by other powers and was sufficiently distinguished as a naval officer to be ranked as a prince. That response and the reputation established by the Admiral led to a request by Sultan Abdul Aziz that his flagship be permitted to enter. It was then necessary to secure the permission of all signatory powers to the temporary suspension of the terms of the Treaty of Paris. Unanimous approval finally was obtained and the Admiral was cordially received by the Sultan, dined by the Grand Vizier and royally entertained by the Russian and English Ambassadors.[16]

As a last resort President Hamlin called on Admiral Farragut during his five-day sojourn in Constantinople and induced him to ask various government officials why the necessary building permit had not been issued. The Admiral's pointed question caused some consternation on the part of certain officials but led to no immediate results. Some time later, however, the Sublime Porte unexpectedly granted an *iradé* and as a special dispensation the college was placed under the aegis of the United States Government.[17]

Following the location of Robert College on its new site in 1871 " as an imposing monument of American Christian liberality and interest in the welfare of Turkey " it soon became the most important foreign school in Turkey. But, as in the case of the mission, its work was confined largely to the minority populations. Robert College, like other American schools, was open to Turkish students but only a few attended due to the opposition of their elders. Consequently, 1923 also marks a new era in the work of that institution for Turkish students now constitute a predominant element in its enrollment.

In 1871 a revolutionary step was taken in the establishment of a mission school which later developed into the present independent Constantinople College for Women. That institution also has become the most important foreign school for girls with an enrollment of 450 students. But prior to 1923, though located in Turkey, it was not a school for Turkish girls. As in the case of Robert College, Turkish young women were eligible for admission but did not attend in large numbers. Halidé Edib Hanum, who has since become a national character, attended Constantinople College secretly and in 1901 was the first Turkish girl to graduate.

Finally International College at Smyrna was founded in 1903 and likewise was primarily a school for Armenians and Greeks. A branch of the Young Men's Christian Association was organized at Robert College in 1891 and an Executive Branch was established in Constantinople in 1899. During the War and postwar periods various American relief organizations, notably the Near East Relief, carried on extensive philanthropic work in Turkey, but again the benefits accrued almost entirely to minority populations. It is true, of course, that they particularly needed relief. Likewise, in the case of independent schools, it is true that Turkish students refused to attend and in the case of mission work that Moslem opposition accounted in no small part for the concentration of effort on minority elements. Yet in all these cases the fact that the religious, educational and philanthropic benefits accrued not to the Turks but to the minority elements in their Empire is emphasized because of its importance in certain phases of the diplomatic relations between the Governments of the United States and Turkey, as well as the fundamental changes to which it led when the Ottoman Empire passed into history.

Turkey's Attitude Toward America's Good Will Investment

In view of the large foreign religious element in an Empire which was the recognized head of Islam and whose government was based on the Moslem religion, it is interesting to trace the official attitude toward American missions, schools and philanthropic activities. In the height of its power and glory the Ottoman Government had no objection to such activities in the Empire. Shortly after his arrival in Smyrna in 1820, Reverend Pliny Fisk reported to the American Board that " Christian missionaries may reside in any part of Turkey, so far as appears, without the least apprehension of interference from the government." [18]

The real opposition to early missionaries was instigated by the Armenian Patriarchate. In 1845 a campaign of persecution was inaugurated by the excommunication of all members who had succumbed to American missionaries. The latter thereupon organized an evangelical Protestant church for the excommunicants.[19] In spite of the protection afforded by the Protestant governments *and by the Ottoman Government* the Patriarchal persecution continued. On November 15, 1847, an Imperial decree was issued which formally recognized the Protestant subjects of the Empire as constituting a separate and independent religious community, and at the same time the power of the Armenian Patriarchate was diminished.[20] Ten years later, as the result of a memorial presented to the President of the United Sattes through whom it was officially presented to the Sublime Porte, the Ottoman Government abolished the death penalty for apostasy from the Mohammedan faith.[21]

Those years of remarkable tolerance and support quickly passed and as the Empire began to decline in size and power a distinct change in policy resulted. There was a sharp reaction on the part of the Ottoman Government in 1864 from the liberal policy previously followed. That change was evidenced by the closing of certain mission printing presses and by the imprisonment of a number of Turks who had been converted.[22] The new policy gained in vigor from year to year with outstanding incidents occurring periodically which indicated the continued reactionary trend. In 1874, for instance, the Sheikh-ül-Islam while crossing the Galata Bridge in Constantinople one day bought a copy of the Gospel according to Matthew. Upon reading the pamphlet he became aroused to active opposition and was instrumental in securing an Imperial decree prohibiting the sale of the scriptures in the Turkish language if printed in Arabic characters.[23] In continuance of the reactionary policy the Grand Vizier stated in 1875 that " conversions from Mohammedanism must be an impossibility under a government that rests upon a Mohammedan basis."[24]

In 1882 the American Board reported that " the Government, which has tolerated, but never favored, the presence and labors of missionaries, has of late shown a less free spirit." Difficulties were placed in the way of mission activities by withholding building permits, by delaying redresses for violation of rights and in numerous other ways causing continual annoyance and interference.[25] In November of 1886 considerable excitement was aroused by the peremptory orders of the Sublime Porte to close all schools not having Imperial *firmans* in accordance with an old Turkish law. The law had not been enforced for years with the result that a number of the sixty-two schools in the Syrian consular district had opened without permission. Much of the difficulty was caused, according to the American Consul General, by the change in Turkish officials. A new governor, desiring to give evidence of his zeal, found the best and most effective method to be in the form of an attack on all foreign institutions, "particularly those of learning which are always connected in the native mind with proselytism."[26]

In 1887 Mr. Selah Merrill, a former United States Consul in Turkey, offered an explanation of the Ottoman Government's opposition to American mission work. The Government felt its power gradually declining and its Empire crumbling away, said the Consul, and just in that proportion had determined to resist more persistently every kind of interference from without. The suppression or suspension of newspapers, the closing of schools, the refusal of permits to build school houses or places of worship, its efforts to prevent land from passing into the hands of foreigners were only a few of the manifestations of the changed attitude. In the same statement, it was asserted that the government had the disposition to bring about a disastrous situation for missions but only lacked the power and courage to do so.[27]

As the years advanced opposition to mission work was complicated by the growing animosity toward Armenians. That opposition culminated in a series of massacres which began in 1893. In many respects those outbreaks were aimed at the work of the mission and that for which it stood.[28] Shortly after the Harput and Maraş massacres a clumsy attempt was made on the part of the Turkish Government to bring about a withdrawal of American missionaries. The following memorial alleged to have been signed by sixty Armenians and addressed to the Sultan was forwarded to the Department of State.

> The missionaries who came to Harput thirty or forty years ago have, through the influence of their schools which they claimed to have established for the purpose of benefiting mankind, caused some of the children of the Armenians to turn aside from the right path, having perverted their minds and their behaviour, incited them to ingratitude and prejudiced them against the authority of the Ottoman Empire, which has been established for more than 600 years, and finally having caused an abominable state of things to be originated by certain adventurers. Now, the continued stay of these missionaries in our country cannot fail to disturb the peace and public safety and in as much as, thanks to the Imperial Solicitude, schools already exist for all

> nationalities and as, in case other schools are established the cooperation of the missionaries is unnecessary, we hereby beg your Excellency to make them depart hence at the earliest possible moment.[29]

In his reply to the Turkish Minister, the Secretary of State expressed the belief that the vague charges enunciated against foreign missionaries were but one incident in a campaign of systematic misrepresentation and calumny. He added that his Government would conduct an inquiry to test the truth of the charges and the genuineness of the memorial in question, not because of their probability but in order to expose the campaign of prejudice and misstatement. In the absence of an American Consul at Harput the British Vice Consul was asked to lend his services in investigating the charges. His official report stated that the Armenians had been forced by Turkish officials to sign the memorial under fear of death. Six of the signers expressed their regret to an American missionary at having been compelled to sign the document and one man confessed that he had forged the signatures of six others.[30]

During that same period Turkish officials claimed the right to open letters and examine them at any time when there was a disturbance in the section of the country to which the letters were addressed or from which they were posted. The exercise of that right was extended to official governmental correspondence as well as to the correspondence of missionaries. That action led to a vigorous protest by the American Government in which it was stated that it was difficult to suppose that the Turkish Government might so far lose sight of one of the most obvious and indispensable prerogatives of American diplomatic representatives as to violate the privileged correspondence of recognized agents of the United States. The establishment of such interference would be regarded, said the Secretary of State, as a great international offense, yet in the course of Consul Jewett's investigation of the burning of an American college building at Merzifon it was necessary for him to keep in touch with Constantinople by special messenger. Following the investigation and vigorous protests of his Government, Mr. Jewett reported that all his accumulated mail for the past three months had suddenly been delivered at one time! During that period there were numerous complaints from missionaries that their mail was never received, or if delivered had obviously been opened and read.[31]

The animosity which had steadily increased in the latter part of the nineteenth century continued to the outbreak of the World War. In 1916 American missionaries were expelled from Merzifon which had long been the storm center of religious and political enmity between Turks and Armenians.[32] By 1918 mission work in Turkey had almost ceased. The active force had been reduced to thirty-six while schools and churches were closed and the hospitals were occupied by the government.[33]

For a short time following the Armistice it appeared that the *status quo ante bellum* would be restored and that American missionary work would continue on the same basis as before. The situation was completely altered, however, by the overthrow of the Sultanate and the establishment of the Republic. The abrogation of capitulations was regarded as a severe blow to mission workers. To them the capitulations afforded the only guarantee that all of their work which had been built up through generations of painful struggle would not be swept away at the caprice of some new governmental order. " The effect of the abolition of the capitulations upon our work has been deep " it was stated in the 1923 report of the American Board.

> Missionaries can no longer think of their institutions as being foreign and privileged. They must now be harmonized with the laws of the country and protected by the forces of justice which operate for all people. Their own lives and property are placed on an equal basis with those of the native people. Missionaries can no longer themselves be privileged advocates of justice guarded by their Government but must help to build up a new justice within Turkey.[34]

Under the new order there can be no doubt " that there is an element of opposition, moved by intense and almost radical nationalism that desires to have the country stand purely as a Turkish Republic controlled and directed wholly by the Turks." Under the present system there can be no religious instruction in the schools. All American schools and colleges are placed under the jurisdiction of the Turkish Minister of Education and are subject to Turkish laws governing education in general. Turkish history and language must be taught by Turkish teachers appointed by Turkish educational authorities.[35] No one but a Turkish subject is permitted to practice medicine with the exception of those holding permits granted under the old régime.

In spite of those sweeping changes and the open objection to its work the American Board decided to continue its activity *in Turkey for the Turks.* All of the requirements of the new government have been met and under the present system the function and work of a missionary is radically different from the purpose and aim of the pioneer representatives of the American Board in Turkey. There can be no proselytizing, hence the chief purpose of mission work is not to convert Moslems to Christianity but through education and precept to assist in building character. Not all missionaries are in sympathy with the nature of the work now being conducted in Turkey and some of them have left.

In 1928 wide publicity was given to the reported conversion of three Moslem girls in the American Girls' School at Bursa. While investigation revealed that the conversions were the unconscious result of the example and influence of one of the teachers the Turkish authorities held it to be none the less undesirable. Three of the teachers were brought to trial and finally convicted. Although the penalty was nominal, the seriousness of the incident lay in its reflection of the government's critical attitude toward mission schools. In the annual mission report for that year emphasis was placed upon the fact that although the Bursa incident was very serious, at the same time an American mission doctor had been granted a permit to practice and permission had been given for the reopening of the Talas school for boys. It was held that the Bursa incident served to clarify the atmosphere in that it demonstrated to the American Board that the Turkish Government would not tolerate any kind of religious work while, on the other hand, it was said to have demonstrated to governmental authorities the Board's " genuine purpose to be of service to their people." [36]

Attitude of the United States Government Toward the Mission Work in Turkey

In the years of Ottoman greatness and tolerance there was very little need for strong governmental support of American missions in Turkey. As a matter of fact in the very early days missionaries, like merchants, preceded the flag and their security was guaranteed by the Ottoman Government. But upon the outbreak of a reactionary tendency in 1864 the lot of missionaries was completely changed and made extremely difficult. From that time on through the following years the Ottoman Government placed numerous obstacles in the path of mission workers. Not only was there a conscious policy of opposition, but the nature of the Ottoman Government was such as to increase the difficulties of American missionaries as the extension of their work took them far into the interior. It was " a hydra headed government " in which responsibility was divided. The interior provinces were governed by officials who were frequently lax and corrupt and a law unto themselves. There was little security of life and property in certain of those provinces and there was no satisfaction in protesting to the Sublime Porte for it was often powerless to take action against the provincial officials even if it so desired. As late as 1895 an American naval officer who had been sent to protect his fellow citizens in Turkey expressed the opinion that " the governor of Massachusetts is as much liable for the murder of settlers by the Apaches as is the governor of Smyrna for the murder of Armenians by the Koords." [37]

During the first years of the Ottoman reaction against missions the United States Government was ineffective in protecting the rights of its citizens. There are a number of explanations for that situation. The American interpretation of exterritorial rights as granted by the Treaty of 1830 was denied by the Sublime Porte. American preoccupation with the Civil War and the following period of reconstruction demanded first attention. Although the Ottoman Government was a supporter of the Union Cause during the Civil War, it was believed in American governmental circles that the internal struggle being waged injured what little prestige the American Government had built up in Turkey.[38] Moreover, that period in history marked the height of secret diplomacy in international affairs. Officials of the Sublime Porte, long accustomed to maintaining their Empire through playing one power against another, did not respond to the American policy of open diplomacy. In no other part of the world was prestige more important and in no other region had the people been so continuously governed by force.[39] In 1892 Secretary of State Foster wrote to Minister Thompson that "it appears to be a characteristic of Turkish policy to seek to limit foreign rights and privileges in detail, and to wear away, by the slow process of erosion, what it may not overcome by power."[40] Under those circumstances the governments which were ready and willing to resort to the use of force or to a threat of force enjoyed the highest prestige in Constantinople. It was well known that when the foreign offices of London, Paris or Berlin protested an action by the Sublime Porte that men of war stood ready to occupy some strategic portion of the Empire. Consequently, protests by those powers usually resulted in effective guarantees. On the other hand, the presence of American naval vessels was a rare and uncommon sight in the harbor of Constantinople and the belief on the part of Ottoman authorities that the United States Government would not resort to force played no small part in the early difficulties experienced in securing recognition of treaty rights for its nationals.

In addition to the factors mentioned, it was asserted that there was a total lack of interest in missions and schools on the part of American Ministers in the period from 1860 to 1880. During his struggle to obtain a building permit, Cyrus Hamlin bitterly attacked United States Minister E. Joy Morris for refusing to render assistance. Mr. Hamlin asserted that since "it was not a question of commerce" he could expect no support, but if his complaint had centered about a cargo of rum he would have received all possible assistance.[41] The second President of Robert College also complained that his Government failed to render support.

> There have been times [said President Washburn] when if it had not been for our intimate relations with the British Embassy, the College would have fared very badly. It has generally, not always, been true that the English government has shown very much greater interest in the College than the government at Washington.[42]

Robert College was not the only American institution suffering from lack of adequate governmental support. By 1885 the situation had become so serious that the Secretary of the American Board addressed a formal complaint to the President of the

United States calling attention " to the need of more efficient protection of American interests in the Turkish Empire." The protest registered four general complaints involving restrictions on the sale of religious literature, on the issuance of building permits for schools, the exemption of missionary imports from payment of customs duties and the insecurity of American missionaries in their lives and property.[43] In 1888 the situation was fully discussed at the Annual Meeting of the American Board. It was stated that although Minister Straus had acted wisely and firmly unless he had the positive support of his Government there was little that he could do. In conclusion, it was said that " not dignified silence but dignified firmness is all we ask of our Government, and all we need." [44]

As Ottoman opposition increased in the late nineteenth century and the number of American complaints grew, there was a noticeable change beginning about 1890 in the attitude of the United States Government. The official representatives of the United States displayed a new attitude and adopted aggressive methods in protecting the rights of all Americans in Turkey. The use of naval vessels was frequently resorted to and in some cases there was a virtual display of force. The dispatches to the Sublime Porte became more commanding and peremptory in nature, with frequent threats to resort to extreme action if satisfaction were not obtained. The new policy yielded immediate results. In December, 1896, in answer to an inquiry addressed to him by Minister Terrell, Rev. H. O. Dwight reported that he knew of no case of violence inflicted by the Turkish Government or by Ottoman subjects on the missionaries of the American Board since March, 1893. No schools had been closed and instruction had not ceased for any cause in any mission school since the massacres began in 1893.[45]

In view of the distressing events which marked the last ten years of the nineteenth century and of the continued disturbances in the first ten years of the twentieth century, it may be asserted that if the Government of the United States had not adopted a vigorous policy the work of American missionaries and educational institutions might have been reduced to negligible proportions.

The present policy of the United States Government was well summarized by Secretary Hughes in 1922 when he reiterated the policy that American missions must receive the full support of the government. There is no difference, it was stated, between a corporation like the American Board and any other corporation.

> In neither case do personal opinions enter into the Department's policy. So far as missionary activities are concerned, that policy is involved with the cardinal American principle of religious liberty which has its counterpart in the commercial principle of the Open Door. But the final ground on which American missionaries receive the support of their Government is the very broad and simple one on which American merchants receive the same support—namely that of being American citizens engaged in a legitimate enterprise.[46]

While the United States governmental policy has grown more firm, Turkish policy has grown still more antagonistic toward the strictly religious aspect of missionary activity. As a result of the Turkish attitude and of the loss of capitulatory privileges the position of foreign missions in Turkey today is more precarious than ever before. In 1887 the government had the disposition to bring disaster on the missions but lacked the power and courage. Today the government has the power and courage to stop all mission work, but as long as missions adhere to rules it lacks the disposition.

Diplomatic Incidents Arising from Missionary Activity

Although the Ottoman Government opposed all types of religious and educational activity in the Empire after 1864, no diplomatic incidents developed except in connection with the work of missions. Such a situation is not surprising since that phase of American good will investment in Turkey is by far the largest and most important. Moreover, the work conducted by missionaries is spread over the entire country and exposed to outbreaks of local animosity. In former days the Ottoman Government was incapable of extending its hand of authority to all remote provinces with the result that banditry and brigandage accounted for much violence in certain regions. As the Armenian persecution grew in extent and intensity the missionaries found themselves in the midst of that violent struggle.

The first tragedy occurred in 1862, almost coincidental with the reaction of the Ottoman Government. Had it not been the work of brigands it might have been interpreted as presaging subsequent Ottoman policy. In March of that year Jackson G. Coffing was killed near Alexandretta and in July Reverend William Merriam was killed by Bulgarian bandits. The records show that the central Ottoman authorities made an honest effort to capture and punish the murderers. Within a short time one of the assassins of Mr. Coffing was executed, with an impressive effect on the public mind. The exemplary punishment was held to be all the more striking because of the impunity which criminals who had murdered the subjects of other Christian powers had too often enjoyed. In less than a year the last two members of the band which killed Mr. Merriam were executed and Minister Morris offered a personal reward of $150 for the capture of an accomplice in the murder of Reverend Coffing. The subsequent arrest of a Lieutenant Governor for harboring that individual was regarded as a signal victory for American interests and for the safety of Americans in the interior. In appreciation of the interest taken by the Grand Vizier in punishing the criminals the President of the United States presented him with a personal gift of two solid silver pistols, "designed by Mr. Ward a talented sculptor of New York."[47]

In 1879 and 1880 two more American citizens lost their lives and in the following year another missionary was attacked by a party of brigands in the same vicinity. It was reported that the entire district where the crimes were committed was oppressed and business paralyzed as a result of the terroristic rule of bandit groups. The murderer of Reverend J. W. Parsons was quickly apprehended but there was unnecessary delay in his trial. It was believed that even if he were convicted the Sultan would avoid sending him to the gallows on the pretext of his youth. To send him to prison would be ineffective, for when the prisons became filled the oldest convicts were turned loose. As a result of the dilatory policy in prosecuting those cases the situation in that part of the country became extremely serious and American citizens were in constant danger.[48]

An attack on two American missionaries, Reverend Knapp and Dr. Reynolds, in the interior province of Van by Turkish bandits in 1883 led to the first demand for a monetary indemnity. The Sublime Porte replied that "the demand for indemnity . . . cannot be taken into consideration: the more so as the laws of the Empire in no case permit it." Some of the assailants were captured and their identity established, but they were released on the payment of a small bribe. The leader of the band, Moussa Bey, was prepared to make amends to Mr. Knapp with "£T400 in cash and sixty botmans (1,000 pounds) of butter," to kiss his hand and secure his forgiveness, but the officials assured him that nothing need be done and he obtained his freedom. In succeeding years Moussa Bey became notorious for murders and outrages in Kurdistan. In 1889 the question of his capture and punishment was a subject of debate in the British Parliament. Upon his acquittal of a murder charge the United States Government vigorously protested and the Sultan expressed his resentment at the implication of miscarriage of justice in his Empire! It was not until 1890 that Moussa Bey was finally banished to Medina "from whence no man has ever returned." The indemnity was never paid.[49]

In 1892 the house of an American missionary in the province of Konya was burned and the lives of his family endangered. The responsibility for the incendiarism was generally attributed to Armenians and Greeks in that vicinity who were extremely hostile to Protestant missionaries. The Secretary of State cabled Mr. Newbury, *Chargé ad Interim*, to demand assurance of effective protection, payment of a sufficient pecuniary indemnity, punishment of all the guilty persons and the reprimand of officials who were remiss in the execution of their duties. The American representative was instructed to add that a vessel would be sent to investigate if the demands were not promptly met. In accordance with his instructions, Mr. Newbury presented his Government's demands and requested an indemnity of £T1,200 plus the costs of collection to the United States Government. Ten days were allowed for an answer. After seventeen days the Porte agreed to pay £T600, and having complied with all other demands, that amount was accepted by the United States Government.[50]

The destruction by fire of the unfinished girls' building at Anatolia College in Merzifon in 1893 resulted in an immediate demand by the United States Government for an indemnity, a permit to rebuild, assurance of an *iradé* and guarantee of security. The demands were resisted by the Sublime Porte on the ground that the school was a center of Armenian sedition.

Investigation by the American Consul disclosed the fact that the student enrollment numbered 94 Armenians, 23 Greeks and 3 Turks and that the institution had long been a storm center. Two of the Armenian professors were found to have been officers in a secret revolutionary society and it was discovered that inflammatory placards which had been placed throughout the provinces had been printed on a machine in the possession of the College. On the other hand, the American investigation also established the fact that the fire was started by Turkish police officials with the intention of putting an end to missionary work in that province. Consequently, the demands were vigorously pressed and within three months the Sublime Porte paid £T500 to the United States Minister and promised to issue a permit to rebuild. Two years later the permit had not been issued, whereupon the Secretary of State cabled that "the President will regard further delay in fulfillment of its promise as unfriendly" and within a fortnight the permit was issued.[51]

As the situation grew more tense in the years immediately following considerable apprehension was felt by missionaries in the interior who anticipated the impending massacres. As a precautionary measure, Minister Terrell demanded of the Grand Vizier that he wire instructions to all parts of the Empire where American missionaries were located requiring "all civil and military functionaries to respect their persons and property, to relieve them from annoyances and insults, which have recently become too frequent." Apparently the Minister was an advocate of preparedness, for in addition to his demands he requested his Government to dispatch two or three warships to Turkish waters. In April, 1895, the *San Francisco* and the *Marblehead* were ordered to visit Beirut, Smyrna and other Turkish ports. Upon their arrival the Sublime Porte was assured that the visit was a friendly one but also that "such vessels were designed for the protection of American institutions." It was believed by the missoinaries themselves that the presence of the naval vessels contributed greatly to the safety of those located near the coast.

A colored report of the arrival of the ships appeared in the New York *Herald* which stated that the United States intended "to make Smyrna a naval *rendezvous* station for the Mediterranean squadron." Upon reading that news the Ottoman Minister to the United States, Mavroyeni Bey, protested strongly to the Department of State but was assured that the presence of the two ships was not intended as a naval demonstration. A second press dispatch, however, asserted that the display of force in Turkish waters had been declared to be the outcome of unsatisfactory delays resulting from diplomatic negotiations at Constantinople. When the Turkish Minister sought a second denial by the Secretary of State the latter official replied that the protection of American interests by such means was the right and duty of every sovereign state. Moreover, a state resorting to such action could alone be the judge of the necessity therefor and might not be called upon to account for the course it considered wise or necessary.[52]

One of the most serious diplomatic incidents ever arising in the relations between the Governments of Turkey and the United States had its origin in the massacres at Harput and Maraş in November, 1895. In the course of those tragic events American missionaries were repeatedly fired upon as they fled from their burning houses but none of them suffered any physical wounds. The destruction of their property was extensive, however, and resulted in the demand for an indemnity amounting to $84,519, although the actual losses amounted to $88,000. Upon reporting his action to the Secretary of State the latter official cabled to Minister Terrell full approval and expressed the opinion that Ottoman liability seemed indisputable. The Minister was instructed to inform the Sublime Porte that his Government would consider itself greatly aggrieved if liability were not acknowledged without delay and that failure to do so would be only too likely to excite great indignation on the part of the American people and to have an unfavorable effect on the relations between the two Governments.

The Sublime Porte denied all responsibility for damages and refused to recognize the American claim. In support of its position it cited the refusal of the Government of the United States to acknowledge responsibility for the death of certain Austro-Hungarian subjects during riots at Latimer, Pennsylvania, on the doctrine " that the Government may not be held accountable for injuries suffered by individuals at the hands of public authorities while acting in the line of duty in suppressing disturbances of the public peace. . . ." The United States Minister contended, however, that Turkish officials had actually participated in the massacres at Harput and Maraş. He also cited the payment of claims by the United States Government in the case of certain Italians who had been lynched by a mob in New Orleans and in the case of the massacre of some Chinese in Rock Springs, Wyoming.

Popular interest and indignation attained great height in the United States and required some mention of the matter by the President in his annual message to Congress. But all efforts to secure admission of liability were fruitless and President Cleveland was able only to give assurances that the claims would soon be settled. In December, 1898, Minister Straus secured an audience with Sultan Abdul Hamid in the course of which that sovereign admitted liability for the damage to American property. Subsequently the Council of Ministers ordered payment of the indemnity. There was great satisfaction in American official circles and it was believed that the incident which had attracted so much unfavorable attention would be closed quickly. But in March, 1899, the indemnity was still unpaid.

A new phase in the question was injected by the Sultan when he pleaded for an extension of time in order that he might arrange to buy a cruiser from the Cramp Shipbuilding Company in Philadelphia.

He added that if negotiations proceeded satisfactorily and the ships met his requirements he might purchase two or three more at a later date. At first sight the connection between the payment of the indemnity and the purchase of a cruiser from a private shipbuilding concern is not clear, but Mr. Straus explained that the Sultan wished to pay "behind a screen" in order that the English, French, Italian and German Governments, whose claims for damages had not been recognized, would be unaware of the payment to the Americans. As the delay continued late into 1899, Mr. Straus again resorted to the extreme measure of requesting an audience with the Sultan which was held on September 22. In the course of that meeting the Ottoman ruler forestalled any mention of the question of indemnity by stating that the order for the purchase of a warship had been sent to the Minister of Marine and that with the making of the contract the American claims would be paid.

The next day he sought to win American favor by sending his famous telegram to Moslems in the Philippine Islands requesting them not to participate in the war with the United States.[53]

Mr. Straus explained to his Government that in his opinion there were two reasons for the Turkish delay in settling the claims. In the first place nationals of England, France, Italy and Germany also had suffered losses during the massacres but the claims filed by their governments had been categorically denied. The Porte was well aware, however, that if the American claims were paid it would then be necessary to pay all claims. In the second place Ottoman authorities firmly believed that missionaries, American as well as others, had incited the Armenians to revolt and were therefore responsible for the disorders.

At the annual meeting of the American Board of Commissioners for Foreign Missions in October, 1899, the Committee on Missions expressed surprise and pain that the American Government had permitted another year to pass without securing a cent of the indemnity justly demanded. The Committee expressed the belief that it was " high time that the rights of our fellow citizens in Turkey should be vindicated ' at all hazards and at any cost ' to use the language of the platform on which the President of the United States was elected." Yet, in his annual message to Congress two months later, President McKinley could only say that he was hopeful of an early settlement of the question. When the claims were still unpaid in January, 1900, the American Minister was informed that his Government would support him in whatever measures he considered necessary to secure their prompt settlement. Upon being approached again, the Sultan promised payment within three or four months and Secretary Hay thanked him for his assurances!

Minister Angell had recommended that battle ships be sent " to rattle the Sultan's windows," but Mr. Straus had constantly advised against the use of force. In December, 1900, however, the *U. S. S. Kentucky* was dispatched to Constantinople. But there was no display of force. In fact, special permission was given for the ship to stay several days longer than had been planned in order to remove any impression that the visit was of a hostile nature. The officers of the *Kentucky* were cordially received and Sultan Abdul Hamid entertained Captain Chester (later Admiral and negotiator of the Chester Concession), his staff and *Chargé* Griscom at dinner in Yildiz Palace. The affair was regarded as a signal honor to the officials and as a compliment to the United States Government, since no other guests were present. The Sultan was most friendly and especially asked that the President be fully informed of the royal reception accorded to Captain Chester, who was seated at the Sultan's immediate right. In the course of a long private audience there was no mention of the indemnity.

The prosecution of the claims was passing into its seventh year with no prospects of an early settlement. On February 27, 1901, the Sublime Porte was informed that the President of the United States expected immediate payment of the indemnity. In the meantime Mr. Straus, who was on leave, carried on negotiations with the Ottoman Minister at Washington which resulted in a contract with the Cramp Shipbuilding Company for the purchase of a cruiser. There was an additional clause in the contract providing $95,000 to pay the claims and on June 12, 1901, word was received at the Department of State that $83,600 had been deposited in the Imperial Ottoman Bank by the Turkish Government to the credit of the United States Minister.[54]

The claims question scarcely had been settled and popular interest and indignation over the delay subsided when a new outrage was perpetrated on a young woman missionary in Turkey. Because of the human interest involved, the public attention which it attracted was even greater than that of the case just described. On September 3, 1901, Miss Ellen Stone and a companion were captured by brigands near Salonica. A fortnight passed with no word from the victims. The Ottoman Government was doing all in its power to apprehend and arrest the abductors, but very little could be done for fear they would injure or even kill the two women in their control. On September 28 word was received from the outlaws demanding a ransom of approximately $100,000 before October 8 under threat to kill Miss Stone. The whole affair was generally regarded as a political maneuver on the part of Bulgars in Macedonia to discredit the Ottoman Government. The missionaries hesitated to set the dangerous precedent of paying ransom for the return of one of their workers and the United States Government likewise refused to pay the amount demanded. As a final resort, a campaign was organized in the United States for the raising of money necessary to secure the freedom of the unfortunate victim. As a result of the committee's efforts $66,000 was collected from October 12 to 23 and placed in the hands of Secretary Hay. Through government officials in Constantinople contact was established with the abductors on January 20, 1902, and the latter agreed to accept the ransom offered if paid ten days in advance. The ransom was accordingly paid and on February 24, to the great relief not only of the American Board but of a large number of friends and interested persons in the United States, Miss Stone was released.[55]

Missionary By-Products

The effect of American missionary work in Turkey was not restricted to the religious side of life. Although a non commercial enterprise, missions and missionaries have consciously and unconsciously stimulated a desire for American products and a habit on the part of the people in Turkey of emulating their modes of living and methods of production. Consequently the effects of mission, educational and philanthropic enterprise on the economic life of the nation have been important. An English observer who started on a tour of Turkey with a strong prejudice against missions finally concluded that Robert College had done more to render possible a safe solution on the Eastern Question than all the Ambassadors of all the European powers had succeeded in doing to render the solution difficult. The reason, in his opinion, was that college and missionary institutions in general had sought neither to gain for themselves nor to prevent others from gaining whereas the whole aim of European diplomacy had been to prevent others from gaining in order that some selfish reward might be achieved.[56]

In a paper read before the Annual Meeting of the American Board in 1876, Dr. E. E. Bliss discussed the indirect results of missions in Turkey and mentioned, among other benefits, the promotion of prosperity and material comfort through the introduction of such useful domestic equipment as the sewing machine, the wagon and various types of simple tools.[57]

In 1903 Dr. Thomas H. Norton, United States Consul at Harput, expressed the opinion that the widespread influence of American educational effort in the preceding fifty years had done a great deal to prepare the way for commercial effort. It had instilled a feeling of respect and admiration for the American home and its accessories, for American books and periodicals, inventive skill, practical devices and enterprise in general. Even more important, it had inculcated a deep seated confidence in the integrity of American business.[58] Dr. Norton on another occasion stated that he knew of no import better adapted to secure the future commercial supremacy of the United States in Turkey than the introduction of American teachers, American educational appliances and American books, methods and ideals.[59]

In 1908 Dr. James L. Barton, Foreign Secretary of the American Board of Commissioners for Foreign Missions, wrote a book in which he devoted an entire chapter to an account of the industrial changes resulting from missionary activity in Turkey. Through their example the use of newer and more effective tools for carpenters had been brought about and farmers had been shown how to contrive simple agricultural implements. In the home the use of sewing machines and kerosene lamps was accredited to the work of missionaries.[60] In 1909 the interrelation of educational institutions and commerce was referred to by an American Consul in a report stating that Robert College was a strong influence in the increasing American commerce with Turkey. The graduates of that institution, it was said, on entering business usually favored American products.[61]

In 1917 a member of the faculty at American University in Beirut, Professor E. F. Nickoley, emphasized the native imitation of American standards and methods of living as a result of the intimate personal contacts established in the schools and the influence of missions in introducing new and better products into the community.[62]

In the days of dollar diplomacy the commercial influence of missions was mentioned in a Presidential message to Congress. On December 7, 1909, President Taft stated that the prestige of the United States in Turkey had spread widely

> through the peaceful influence of American schools, universities and missionaries. There is every reason why we

> should obtain a greater share of the commerce of the Near East since the conditions are more favorable now than ever before.[63]

That statement implied that the measure of United States diplomatic success was the possibility of greater trade for American merchants and that Christian missionaries were working for American exporters!

The annual expenditures of all organizations operating in Turkey have created an important invisible export for that country amounting to approximately $1,000,000 in 1929. In the one hundred eleven years since its establishment in Turkey the American Board has expended over $13,000,000. The Levant Agency of the American Bible Society has operated in Turkey almost as long as the American Board. In its one hundred ten years of work the expenditures of that organization have amounted to $3,000,000. In the sixty years of their operation, the three Near East Colleges located in Turkey have spent $10,000,000. Since 1915 the expenditures of the Young Men's Christian Association have amounted to approximately $1,000,000. Starting as the American Committee for Armenian and Syrian Relief in 1915, the American Commission for Relief in the Near East, more commonly known as the Near East Relief, poured approximately $40,000,000 into Turkey from 1919 to the time of its withdrawal in 1923. A branch of the American Red Cross was established in Turkey in 1911 which, through the Near East Relief and other philanthropic agencies, has spent some $14,000,000 in that country. In the course of eleven decades American mission, educational and philanthropic expenditures in Turkey have therefore amounted to approximately $80,000,000.[64]

A striking feature of American relations with Turkey is the fact that the good will investment in that country exceeded the investment of commercial capital. An official of the American Board estimates that the original cost of the present buildings and equipment of that organization amounted to $10,000,000 which today would cost to purchase, erect and equip fully twice that amount.[65] The capital value of the three American colleges in Turkey is estimated to be $3,500,000,[66] making a total of permanent good will investment in present day Turkey valued at nearly $25,000,000.

The Future of America's Good Will Investment in Turkey

One hundred eleven years ago the American Board established in Turkey what later proved to be its most important mission. Subsequently many other religious, educational and philanthropic organizations joined in the work in that country so that there were at one time as many as twenty-seven separate chartered organizations, and the present number is seventeen.

Although those organizations were established in Turkey, their work for the most part was not for Turkey nor for the Turks but primarily for Armenians, Greeks and other minority groups. That situation led to important political results and left the organization face to face with a new problem in 1923. In that year most of the minority groups left Turkey and today that country is 99 per cent Moslem. Some organizations had already withdrawn before the exchange of populations took place and others withdrew following that fundamental change. The American Board and the three Near East Colleges, however, chose to remain and carry on their work in Turkey for the Turks.

During the first forty-five years of mission activity the Ottoman Government was not only tolerant but helpful. As its Empire began to crumble, however, and its power rapidly declined the policy toward missions changed to one of opposition. Although there was no open display of that antipathy, there is an unbroken record of interference with mission work since 1865. The government positively restricted activities by interfering with the spread of religious literature, by intercepting mail, by refusing to issue building permits for schools and churches and by denying customs immunities for mission supplies as provided by treaty. On the other hand, a negative policy of failure to prevent, or of dilatoriness in prosecuting criminal acts perpetrated on missionaries and their property interfered with the latter's work. Such opposition grew in intensity up to the severance of diplomatic relations in 1917 and was renewed after the Armistice by the new government as well as the old.

While the United States Government ineffectively protected its citizens prior to 1890, from that time to 1917 a vigorous policy guaranteed security of life and property. Since 1923, however, the abrogation of capitulations has placed missions and colleges under Turkish law, and failure to ratify the treaty negotiated in that year left them without adequate guarantees.

In attempting to forecast the future of American missions and schools, it must be borne in mind that Turkey today is fired with an intense nationalistic spirit. Moreover, in spite of the abolition of the Kaliphate and of the rumored decline of religious spirit, the census figures indicate that 99 per cent of the population is Moslem. It can be asserted with conviction that direct or indirect proselyting activity will not be tolerated in the future. In fact, even if it were permitted it is doubtful if it would yield results.

Under the old régime the lack of schools and hospitals afforded an excellent opportunity for missions to serve their constituents and pave the way for religious work by supplying those facilities. The old régime has passed, however, and with it opposition to education. The new government anticipates rapid expansion in its educational facilities. Since 1924 the number of foreign primary schools has declined from 279 to 32, the teaching personnel from 1,590 to 293 and the number of students from 18,436 to 4,873. On the other hand, the number of Turkish primary schools increased to 6,503 in 1928 with an enrollment of 435,910.[67] Until the Government of the Republic can build a sufficient number of schools to educate the children of the country and as long as American schools adhere strictly to a secular program they will be allowed to continue. After that time opposition to them on the score of inability and unwillingness to teach Turkish nationalism, the growing lack of need for them and the declining sympathy and support for purely educational work on the part of some American supporters renders their future continuance doubtful. Certainly there will be no expansion in that phase of American work in Turkey.

The conclusion with reference to the future of medical and hospital work is similar. While there is not the same logical basis for objection that there is in the case of schools, the evident desire of the country is to fulfill its own medical requirements.

For the three American colleges the conclusion differs. In higher education Turkey has only the University of Constantinople. As the graduates of primary schools proceed to secondary institutions, which the government also is supplying and graduate they will desire to continue their education. But the opportunity will be restricted in Turkey to the one University and the three American colleges. It will be many years before Turkey can develop an adequate system of higher education, consequently if American colleges conform to Turkish regulations and develop so as to meet Turkish needs their indefinite continuance may be expected. But the likelihood of expansion is remote.

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XIV

The Open Door Versus Imperialism: First Stage

The Lack of Capital in Turkey

In the process of producing wealth four factors are involved. Those are land, labor, capital, and business enterprise. The first two are said to be primary factors while the fourth is in reality a form of labor and the third is a product of the first two. As used in the following discussion, the term capital refers to those products of past industry which have been saved and are used to aid in the production of more wealth. In the words of Alfred Marshall capital may be regarded as " the result of human efforts and sacrifices devoted mainly to securing benefits in the future rather than in the present."[1]

The process of accumulating capital is spread over three stages. In the first place it is obviously necessary that there be a surplus of production over consumption before there can be any saving. The second stage involves saving, which may be defined as the postponement of consumption of wealth from the present to a future time. There may be a surplus of wealth produced but if it is wasted or used in immediate consumption no capital goods will result. The third and final stage requires the use of savings in production. Saving which takes the form of hoarding does not lead to the creation of capital goods, hence the three stages are necessary in the process of accumulating capital.

Turkey is a non-capitalistic country. The absence of capital is not due to the fact that the people have not produced a surplus of wealth over their immediate needs in the past but rather because such surplus as was created either was not saved or, if saved, was not used in further production. Certain fundamental conditions are essential to the process of saving. One of the most important of those is a sense of security. Unless the individual who is undecided whether to consume his wealth at once or in the future is reasonably certain that the benefits of his sacrifice will accrue to him he will have no incentive to save. Marshall lays great weight on the importance of that condition.

He attributes much of the thriftlessness of early times to the lack of security which then prevailed. Under a system where the wealthy alone were strong enough to hold what they had saved

> the laborious and self denying peasant, who had heaped up a little store of wealth only to see it taken from him by a stronger hand, was a constant warning to his neighbors to enjoy their pleasure and their rest when they could.[2]

In Turkey there was very little encouragement for any one to plan for the future or to build comfortable homes. It was almost impossible for the common people to accumulate wealth for old age, or sickness, or to pass on to their children.[3]

The lack of security in Turkey was increased rather than diminished by governmental activity. Not only was there constant danger of robbery by organized bands of brigands, but there was also a justifiable fear that any wealth accumulated would be confiscated either outright or in the form of unbearable taxation. Not only was the Imperial Ottoman Government absolute in its sway, but its treasury was in a continual state of depletion. Consequently any display of prosperity on the part of ordinary subjects was very likely to result in oppressive taxation.[4] A picture of the situation is given by a missionary who resided in the interior for twenty years. Peasants in and around Sivas hid what little cash they had in order to escape some of the ruinous taxes. Not to be thwarted, the tax gatherers, who operated under the pernicious system of retaining a percentage of all they collected, seized the peasants' land and stock or their household goods and sold them at auction where they yielded a price far below their real worth. In many cases peasants were imprisoned and in those respects Moslems were no more fortunate than their Christian neighbors.[5]

In spite of the possibility of losing their savings, many peasants did manage to accumulate small amounts of wealth in various forms. The handicaps to saving were increased by the absence of facilities for that purpose. In modern economic society saving is encouraged and facilitated by banks, insurance companies, building and loan societies, and through investment in stocks and bonds. In the interior of Turkey such facilities were practically unknown. Consequently, saving took the form of hoarding. The most common form of hoarding wealth was money, but precious stones and rugs were widely used. Even yet in the interior one may see peasant women with their head-dress profusely decorated with gold coins. It was customary to " deposit " the family savings in that way, and only the greatest of misfortunes could compel recourse to the use of such savings. While peasants in other countries have found various types of precious stones convenient methods for saving wealth, that method has not been so extensively used in Turkey. On the other hand, it has long been customary to invest savings in rugs which were handed down from generation to generation and only sold under the most pressing circumstances.[6]

In the Ottoman Empire there were two classes of people, the very rich and the extremely poor. The latter class was in the majority and consequently there could be no widespread saving in the country. The extremely small group of wealthy persons saved by investing much of their savings abroad for security and to escape taxation. There was then very little capital accumulation in the Ottoman Empire.

There was great need for capital in Turkey, however, and under favorable conditions there would have been an excellent opportunity for profitable investment. As modern economic life progressed in the younger nations to the West, Turkey remained static. Its vast store of natural resources remained unworked. Its mines were unexploited; its timber was used for firewood; agriculture was woefully underdeveloped and the methods used most primitive; its railway system was very meager; its stores of oil were untapped; in its urban life there was a complete absence of electric lights, tram service, telephones, and water systems. Industrially there was no development, and the absence of capital was an important cause.

Under those circumstances Turkey seemed to offer a lucrative field for the investment of foreign capital. But the conditions retarding capital accumulation within the Empire also prevented its investment by foreign capitalists. By nature capitalists are conservative and will invest their capital only under conditions satisfactory to them. As security is essential to induce people to save, it is also necessary to induce them to invest. In its absence some other and stronger inducement must be substituted. In discussing this question, John Stewart Mill stated that capital would not migrate to countries just beginning to be civilized, like Russia and Turkey, unless under the inducement of a very great extra profit.[7] The same thought was later expressed by Cassel, who stated that European capitalists were not willing to invest capital in a country such as Turkey unless they could count on a much higher rate of interest than that prevailing at home.[8]

The legal rate of interest has long been and still remains 9 per cent a year. Foreign lenders, however, have demanded much higher rates, and although the religion of the country condemns usury, Turkey has long been a country in which borrowers were the victims of ruinous rates of interest.

In addition to lucrative rates of interest, foreign capitalists demanded guarantees of security. Consequently the concession method of obtaining capital developed in the Empire. In the case of railroads, for instance, exclusive concessions were granted and fortified by kilometric guarantees. As the financial needs of the Empire became more pressing, the terms of the concessions became more severe until a situation developed under which the government had practically mortgaged its Empire to European capitalists. That situation was a result of the fact that most of the foreign loans were granted to the government, which then used them unproductively. War loans were frequent, and on one occasion a Sultan spent 40,000,000 francs on his daughter's wedding trousseau, while the services of state were neglected.[9] Loan followed loan until by 1875 the foreign debt of Turkey amounted to $1,223,561,125 and annual interest payments finally exceeded state revenues. Default in payment of interest in 1881 led to the formation of the Council of Administration of the Ottoman Public Debt which administered state finances, organized public finance, and reduced the debt. By 1914 the foreign debt had been reduced to $668,800,000, but a subsequent war loan raised it to $721,969,000, which was the amount outstanding March 1, 1923. Under the terms of the settlement of May, 1928, Turkey's share of the foreign debt was placed at $367,200,587.[10]

The loans which were made by European capitalists were not strictly commercial in purpose. Through those loans and the Ottoman Public Debt and by means of capitulations, banks, and concessions for public utilities, Turkey was thoroughly penetrated economically and shackled politically. Industrial loans were conspicuously avoided, the policy being to let Turkey import manufactured commodities from Europe. Germany, England, and France vied keenly with one another in placing the Sultan under obligation for the purpose of reducing Turkey to the status of a colony. For many years they struggled among themselves, each one awaiting the day when it might gain ascendency. Finally England and France agreed to recognize their mutual spheres of influence so that by the end of the nineteenth century the commercial door to Turkey was scarcely ajar.

During most of that period Americans were busy developing their own extensive resources. In order to proceed as rapidly as they wished they needed more capital than it was possible for them to accumulate. Consequently large amounts were borrowed in Europe. While the United States, like Turkey, was a borrower rather than a lender of capital, the loans which Europeans granted to Americans were largely individual, the proceeds of which were used in the economic development of the country. Turkish loans, on the other hand, were largely incurred by the State and were used primarily to meet governmental deficiencies and expenditures for war. Another important distinction is found in the greater security and consequently lower rates of interest as well as freedom from political entanglements which characterized the loans to America.

Since the United States was also a borrowing nation for many years it is not surprising that there was practically no commercial investment of capital in Turkey. Shortly after Americans began to repay their loans, and as a fund of American capital rapidly accumulated, capitalists in that country sought for lucrative fields in which to invest their surplus savings. Some of them were early attracted by the opportunities in Turkey and were eager to thwart the European policy of closing the Ottoman economic door. Encouraged by their government, American capitalists resorted to European methods and were drawn into the whirlpool of Old World imperialism. Prior to 1900 Americans had been regarded as sentimental individuals interested only in the opportunities for non-commercial investment of capital in Turkey. European imperialists had no objection to American missionary work, but when President Taft and his predecessors inaugurated a policy which regarded missions as the forerunners of American commercial enterprise in Turkey European capitalists sensed a new danger and proceeded to block the plans of the intruders.

The Original Chester Project

The roots of American imperialism ripened into a definite policy through the medium of the much maligned but little understood Chester concession which had its inception in 1907. In that year Mr. Arthur Moore and Mr. Homer Davenport journeyed to Arabia to buy horses.[11] In the course of their trip they became enthusiastic over the prospect of a railway connecting Aleppo with the port of Alexandretta. Upon their return to the United States they discussed the plan with a group of financiers whose interest was aroused. In 1908 Admiral Colby M. Chester was sent to the Ninth International Congress of Geographers at Geneva, Switzerland, as a representative of the United States Government. After that Congress ended he went to Constantinople as a representative of the New York Chamber of Commerce and the New York State Board of Trade. Admiral Chester had been in command of the *U. S. S. Kentucky* when that vessel was sent to Turkey in 1901 to encourage the Sultan to pay American indemnity claims. In the course of that visit Admiral Chester had been entertained by the Sultan and other high officials and was therefore personally acquainted with important personages in the Ottoman Government. Upon making representations to ascertain whether a concession for a railroad might be obtained he received an encouraging response, on the basis of which a favorable report was dispatched to the financial group in New York. A short time later Commander Arthur Chester, a son of the Admiral, arrived in Constantinople to lay out the plan for the proposed railroad. In March, 1908, formal application was made for a concession. The response again proving favorable, the younger Chester proceeded to Aleppo to decide on the exact route for the line.

In those years there was a heavy caravan trade from Aleppo through the Torus Mountains to the coast and thence to the port of Alexandretta. Mr. Chester went over the proposed route from Aleppo to the seacoast, and after surveying an alternative route approved the former. He did not favor the plan to run the railway up the coast to Alexandretta but recommended the development of port facilities at Suadea, where the mouth of the river by that name afforded excellent opportunities for port development. Subsequent investigation of the origin of the caravan trade and of the possibility of enlarging it led to the discovery that the source of the trade was in the region to be traversed by the Bagdad railway, the concession for which had already been granted to a German group.

Whereas railroads in Turkey formerly had been built under a system whereby the Government guaranteed a fixed return on a mileage basis, the new project was based on a different principle. Dr. G. Pasdermadjian, a Deputy from Erzerum, claims to have been the originator of the method of building railways in Turkey which granted exploitation rights to all minerals found in a right of way some twenty-four miles in width. Representing an interior province devoid of railway facilities, he interested himself in that means of transportation and foresaw in that method a means of extending the limited railway system to undeveloped provinces without expense to the government. He argued that by his method the railways would cost nothing, that the mines would be exploited, that commerce would be increased and the prosperity of the country assured. He made a report to the Minister of Public Works in May, 1909, urging the adoption of the concession method. The approval of competent ministries was secured and the task of interesting reliable capitalists was then undertaken. Dr. B. M. Glasgow, an English subject and a friend of the Deputy, became interested in the project in July and attempted to secure the coöperation of the American firm J. G. White and Company. Late in August the Chamber of Deputies approved the principle of the concession method and authorized the Ministry of Public Works to conclude a preliminary contract with the group offering the best terms for building a railway from Sivas to Süleymaiye. The road was to pass through Harput, Diyarbekir, Mosul and Kerkük. A branch was to run from some point on the main line to Yumurtalik on the Gulf of Alexandretta, and another branch from a point on the main line to Bitlis, and thence around Lake Van to Van. The strategic value of that proposed railway line was well recognized by Ottoman authorities, who were therefore all the more anxious to be certain into whose hands the concession was falling. Moreover, it was believed that competition would yield better terms, consequently Commander Chester was encouraged to submit a bid for the project. In the competitive bids which followed Dr. Glasgow retired because the Chester group offered far better advantages. In fact, Dr. Pasdermadjian was sceptical concerning the remarkable terms offered by the American group.[12]

Serious opposition was encountered when it developed that the Grand Vizier, Hakki Paşa, was opposed to the Chester project on the ground that the Bagdad concession included all branch rights, including the proposed line to Yumurtalik.

In spite of the difficulties, Commander Chester succeeded in obtaining favorable action on a nine-hundred-mile concession late in 1909 by an Ottoman Parliamentary Committee.[13] Thus encouraged, he returned to the United States and in November organized the original Ottoman-American Development Company, chartered under the laws of New Jersey and capitalized at $600,000. Among those interested in the project were MacArthur Brothers, Laidlaw and Company, E. C. Converse and Company, and Charles A. Moore, all of New York.

America Embarks on an Imperialistic Course in Turkey

At first European imperialists with vested interests in Turkey had paid scant attention to the possibility of real competition from amateur American imperialists, but when the threat began to assume serious proportions they girded themselves for battle. English, French, and particularly German concessionaires and governments took active steps to close the door to American capital investment in Turkey.

Responding to appeals from the Ottoman-American promoters, the Department of State rendered all possible assistance. Acting on instructions from the Department, Minister Straus actively supported Commander Chester in his negotiations with Ottoman authorities. The latter, however, quickly grasped the opportunity to bargain. They demanded American consent either to the abrogation or to the restriction of the capitulations and approval of the proposal to increase customs duties from 11 to 15 per cent *ad valorem*.

On March 15, 1910, Secretary Knox addressed a note to Ahmed Rustem Bey, Ottoman *Chargé d'Affaires* at Washington, in which he confirmed an oral statement that his Government attached great importance to the granting of the Chester concession. It was stated that favorable action on the concession would be regarded as evidence of a sincere desire on the part of the Sublime Porte to extend the growing commercial relations between the two countries. A verbal statement that upon being officially notified of the final granting of the concession the Government of the United States would " take pleasure in immediately announcing its formal acquiescence in the proposed 4 per cent increase in Turkish customs duties upon the consent of the other interested Powers " was confirmed.

Although Secretary Knox stated that his Government was not fully prepared to open negotiations for a *Modus Vivendi* waiving the right of forum claimed by the United States in the case of the arrest, imprisonment, and trial of American citizens charged with criminal offenses in Turkey, nevertheless his Department stood ready actively to reconsider the whole question " when, as a matter of reciprocal comity, it may be justified in so doing."

With reference to the general question of capitulations the Ottoman official was informed that when his Government could give assurances of sufficient judicial reforms the Government of the United States would be found ready " to give the matter sympathetic attention."[14]

Secretary Knox's note paved the way to favorable consideration of the American project by Ottoman authorities. But formidable opposition was encountered in the form of German determination to block the concession. Consequently, the next step required the removal of that obstacle. Upon being informed by Minister Straus that removal of German opposition would result in prompt approval of the concession, the Department caused " very discreet but strong oral representations " to be made to the German Government, referring to American-German coöperation in China and Liberia, alluding to Germany's open door policy in Persia, and intimating that " failing German coöperation and the removal of German opposition in this instance it might be necessary for this Government to cooperate in Turkey with other Powers." The German reply expressed surprise and denied active opposition. It was added that there would be no objection to American coöperation in

Turkey if the Chester group would modify its plans so as not to conflict with German interests already acquired.

Actually, however, German opposition became more intense, and a threat was made to Ottoman authorities that German consent to the proposed increase of customs duties would be withheld if the American project were approved. Threats alone were not used, however. The German promise to support Turkish sovereignty in Crete produced marvelous results. The project was referred to a Board of Jurists instead of to Parliament and the latter body closed its 1910 session without considering the project.

The German Ambassador then arranged for a meeting of certain of his diplomatic colleagues to persuade them to refuse to consent to the proposed customs increase if the Turks should grant the concession to the Americans. In retaliation the American Ambassadors at London, Paris, Rome, and St. Petersburg (Leningrad) were instructed by the Department "discreetly to sound the governments to which they were accredited, with a view to affecting favorably their attitude toward the American enterprise." The foreign offices in Paris and London responded favorably, while Rome was non-committal. St. Petersburg objected on the basis of an agreement involving its interests in the Black Sea Region, but favored the project for political reasons provided a satisfactory agreement could be reached. Although the British Government had no objection to the proposal, upon being asked for active support by Ambassador Reid the Foreign Office stated that it was preoccupied with the task of pressing British interests at the southern terminus of the Bagdad railway and could not view with favor any oil grants at Mosul or Kerkük.

Following the first defeat of the project in 1910, an official of the Ottoman-American Development Company was advised

> to call at the Department at an early date, for the purpose of conferring and mapping out a line of action in order that we may exert every pressure as soon as Parliament convenes looking to the early granting of the concession.

At that point Ambassador Straus took a leave of absence from his post, leaving Mr. Hoffman Philip in charge. The Department, thinking that an official of higher rank should be in Constantinople at that crucial time, assigned Mr. John Ridgey

Carter, who was then Minister to Bucharest, to Turkey. His instructions stated that among the many important matters then pending, the Chester Concession was paramount and one in which "the President takes a keen interest." Ambassador Carter was further instructed to study the history of the project carefully so as to be able to render intelligent advice and support.

In addition to the appointment of Ambassador Carter, Mr. Huntington Wilson, Assistant Secretary of State, was designated Ambassador Extraordinary on September 30, 1910, on a Special Mission to the Ottoman Empire. His ostensible duty was to return a visit of courtesy paid the previous year by Ziya Paşa who had traveled to Washington to announce the accession of Sultan Mehmed V. The real purpose, however, was "to create an atmosphere favorable to the Chester claim."

The Ambassador Extraordinary arrived in Constantinople October 21 and was received by the Sultan November 5. Upon his presentation to the Ottoman sovereign he delivered an autographed letter from President Taft. Two days later the Sultan gave a State dinner in honor of the Special Ambassador.

On the following day an interview was held with the Grand Vizier, in the course of which that official mentioned three conditions which must be met to secure his approval of the Chester concession. He referred in the first place to Article 12 of the Bagdad Railway Concession which guaranteed to the Germans prior rights to all branches on the Mediterranean coast between Mersin and Tripoli. In order to meet his objection it would be necessary for the Chester proposal to eliminate from its plans the project of a branch to Yumurtalik. The Grand Vizier then mentioned the danger of lawsuits which might arise out of the proposed sweeping mining concessions, and finally stipulated that a waiver of the right of forum would be necessary to secure the concession. On the latter point the Special Ambassador replied "very sympathetically," intimating the willingness of his Government to terminate the capitulations as soon as the conditions in Turkish prisons and the status of Ottoman courts permitted. He expressed the intention of recommending to his Government the negotiation of a special treaty interpreting Article IV of the Treaty of 1830 which would yield the right of forum.

Upon the departure of Special Ambassador Wilson his mission was hailed as a great success and favorable action was predicted. Enthusiasm quickly waned, however, and negotiations lagged. The interpretation of Article IV proved to be the chief obstacle. In a Parliamentary speech in November the Grand Vizier stated that the American interpretation of that article was the chief obstacle to the granting of the concession. That being the case, Ambassador Carter immediately secured the Department's permission to propose a solution. A draft treaty was drawn up by the Department, but at the request of the Grand Vizier that procedure was discarded in favor of an exchange of notes which met the Turkish objection.

The Turkish law on mines required special research permits for each project, but that difficulty was avoided by granting a blanket permit for each province.

Finally the Americans yielded to the Germans in the dispute over the terminal, and all objections having been met the Grand Vizier, the Committee on Public Works, and the Council of Ministers approved the project and sent the papers to Parliament in May, 1911. Following a debate of two days the American proposal was defeated for the second time when it was voted to postpone final action to the autumn session.[15]

In preparation for the final struggle in the fall of 1911 Ambassador Carter was relieved and Mr. W. W. Rockhill, who had been at St. Petersburg and was " one of the most distinguished officers in the service of the Department," was appointed Ambassador to Constantinople. He also was instructed to study the Chester Concession carefully " with a view to the prompt consummation of the concession upon the reopening of the Ottoman Parliament."

At that crucial point in the struggle the Ottoman-American Development Company began to waver. When Parliament convened in October the Company had no representative in Constantinople, and five days after the session had begun, the caution money amounting to $88,000 was withdrawn. When it became known in Washington that officials of the Company were considering the withdrawal of the deposit the Chief of Near Eastern Affairs rushed to New York to dissuade them, " but without avail." In spite of those developments the bill was presented for debate in Parliament on November 20 and was considered several times by that body. Finally on December 11 Ambassador Rockhill informed the Grand Vizier that the Company had withdrawn its caution money as well as its application for the concession. Consequently the bill was never put to a vote in Parliament.[16]

After its determined efforts and near success the Department was greatly provoked with officials of the Ottoman-American Development Company. Secretary Knox addressed a final note to the Company which literally washed the Department's hands of any further responsibility on its behalf, and the first attempt at American imperialism in Turkey was unsuccessfully concluded.

Summary and Conclusions

Owing to the lack of security and facilities for saving, capital accumulation in Turkey has been negligible. For those very reasons there has been a great need for foreign capital, but because of the insecurity, outside capitalists invested their savings in Turkey only in limited amounts and then under onerous terms. The majority of loans contracted were public and the proceeds in too many cases wastefully used. Those loans were tied up with European imperialistic aims which were designed to reduce Turkey to a colony, and the industrial development of that country was consciously retarded. When it became evident that no one power could gain ascendency in all Turkey, that country was divided into economic spheres of influence and the commercial door thereby closed to the nationals of other nations.

Prior to 1900 American enterprisers were too busily occupied accumulating capital and developing resources in the United States to be interested in foreign investment opportunities. Later, however, they began to seek foreign fields, and one group was attracted by the possibilities of obtaining a railway concession in Turkey. Previously, European Powers had been content to see United States capital invested in non-commercial activity but resented and opposed the new American ambitions. Consequently the original Chester Project encountered formidable opposition.

The United States Government decided to fight fire with fire and proceeded to render vigorous support to the Ottoman-American Development Company by bargaining with Ottoman authorities on political questions and by opposing the Germans in all the capitals of Europe. When success seemed assured in the fall of 1911 the Company suddenly withdrew and left the United States Government in a most embarrassing position. If the financiers had lived up to their commitments the whole course of Turkish-American relations would have been altered. Having supported the Company in obtaining the concession, the Government would have been compelled to continue its support and thereby would have been drawn into the whirlpool of Old World imperialism. December, 1911, therefore marks a definite turning point in American governmental policy in the Near East. With the advent of a new administration the opposite policy of open diplomacy and the open door was inaugurated and has since governed American relations with Turkey.

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XV

The Open Door Versus Imperialism: Second Stage

The Carving of Turkey

In 1914 the Ottoman Government had cast its lot with Germany. After Turkey had made its choice the Allied powers proceeded to sign open and secret agreements regarding the disposition of Ottoman territories after the War. The Pact of London promised Russia Constantinople for her part in the War. In 1916 Great Britain and France concluded the Sykes-Picot Agreement which redivided and recognized their spheres of influence and interest in the Ottoman Empire. The Sazono-Paleologue Treaty divided Asiatic Turkey between France and Russia, while the St. Jean de Maurienne Agreement gave Italy a large part of Anatolia. The participation of Turkey was practically complete in anticipation of Allied victory.[1]

Four years later the once proud and powerful Ottoman Government was reduced to a state of absolute impotency. The very most that it could hope for in the terms of peace was that the powers would be magnanimous enough to permit the continuance of a semblance of sovereignty under Allied control. A faint flicker of hope was aroused by the possibility of an American mandate over what remained of Turkey in Asia, but even that disappeared, leaving Turkey at the absolute mercy of the victors.

So confident were the Allies in their victory that they bade the Ottoman Government patiently to wait while the more important Treaty of Versailles was written and proper punishment meted out to Germany. Consequently, under an Allied occupationary force, Turkey waited from October 30, 1918, to April 10, 1920. Following the occupation of Smyrna by Hellenic troops on May 15, 1919, and the subsequent evidences of nationalism in Turkey, the Allies became somewhat alarmed. A Turkish delegation was permitted to proceed to Paris for the purpose of presenting an appeal for peace. The basic petition requested an American mandate over all of Asiatic Turkey, but the Allied reception of that proposal was very cool. The delegates were told to return to Constantinople and wait on their good behavior until the other treaties were concluded.[2]

Ottoman officials were well prepared for a severe peace, but the drastic terms of the Treaty of Sèvres even amazed the tottering Sultan whose position depended chiefly on English support. In the absence of a Parliament a Crown Council agreed to the terms of peace and the Treaty of Sèvres was signed August 10, 1920.[3]

The chief problem which the Allies had encountered in concluding a settlement with Turkey had been to decide how much of the former Ottoman territories might safely be taken and, what proved to be an even more difficult problem, to agree on the recipients of the spoils. The Russian demise, instead of simplifying the problem, complicated it. While the Allies were glad to be freed of their promise to Russia, which had been made under pressure of necessity, they were then faced with the task of settling the difficult Straits question and the disposition of Constantinople. In view of the prominence given to the statements of war ideals and to promises of self determination, it was manifestly impossible to carry out openly the policy of annexation as established by war time treaties. The way out of the dilemma of violating promises or of foregoing the spoils of war was discovered by General Smuts who originated the mandatory system as a solution. It was intended to apply only to Turkish territories, but President Wilson succeeded in having it extended so as to include German colonies. Under that system France was granted a mandate over Syria and Lebanon while Britain assumed a mandate over Mesopotamia and Palestine.[4]

In addition to mandates, the Allies had recourse to certain secret agreements. Coincidental with the conclusion of the Treaty of Sèvres the secret San Remo Agreement between France and England was signed April 24, 1920. That Agreement provided that France was to be given a 25 per cent share in the Turkish Petroleum Company in return for the privilege of allowing pipe lines to be laid from Mosul across Syria to the coast.[5]

In 1880 the oil resources of Mosul had been placed on the Sultan's civil list for disposal. German prospectors were the first to discover oil in that region and endeavored to obtain a concession from the Sultan but were thwarted by British rivals. Neither group being able to obtain an advantage over the other, they joined forces and organized the Turkish Petroleum Company. Negotiations were then carried on with the support of both governments which, while not culminating in a concession, established a strong moral claim to petroleum rights in Mosul. In the war time division of spoils Mosul had been given to France but at the Paris Peace Conference preceding the Versailles conference Lloyd George had induced Clemenceau to turn Mosul over to Great Britain to be incorporated in the British mandatory kingdom of Irak. Then on the basis of an unofficial Turkish letter to the German Ambassador in 1914 British interests, which had absorbed the German shares in the Turkish Petroleum Company, claimed a complete monopoly of Mosul oil. All necessary arrangements to reward and pacify French interests were included in the secret San Remo Agreement.[6]

At the same time a " Tripartite Agreement Between the British Empire, France and Italy Respecting Anatolia " was signed. Under the terms of that Agreement the three powers arranged to operate the railways of Anatolia jointly with the idea of ultimately unifying " the entire railway system in the territory which remains Turkish." The Agreement defined " the area in which the special interests of France are recognized " and likewise stipulated the region of Italian interests. Italian need for coal was recognized by the grant of all rights for exploiting the rich coal basin of Eregli.[7]

Supplemented by the mandatory system and these secret agreements the Treaty of Sèvres represented one of the most punitive peace arrangements and one of the most daring and deliberate divisions of war spoils in modern history. In the opinion of Secretary of State Hughes

> Its terms were severer than those of the European peace treaties, not only depriving the Turks of vast territories but imposing on them an even greater measure of foreign control than had been the case before the war.[8]

Professor Albert Bushnell Hart condemned the European nations for their avarice in despoiling the defunct or supposedly defunct Turkish Empire. In his statement he added that Britain, France and Italy had gained more spoils than had ever been won in any previous war and yet they persisted in their attempts " to cut pieces out of the corpse of the Turkish Empire."[9]

From the very beginning the Treaty of Sèvres was considered by many as impossible of execution. Moreover, it was thoroughly discredited by its principal authors. French and Italian public opinion was dissatisfied with the agreement, believing that it gave Britain more than it gave them. Signor Nitti asserted that the treaty was unsatisfactory and added that Italy could not be expected to assist the Greeks in their efforts to maintain their newly acquired territories. In France it was felt that Millerand had sacrificed French interests in Turkey in return for a scant promise of support by Great Britain to assist in the enforcement of the Treaty of Versailles.[10]

In the opinion of a Turkish writer the Treaty of Sèvres divided the whole of Turkey into spheres of influence and delivered it bound hand and foot to European capitalists, chiefly to England.[11] The reaction of the Turkish people to the treaty was a complete surprise to the signatory powers. The latter had not expected that the conquered Turks would like the treaty any more than they had expected the Germans to be pleased with the Treaty of Versailles. It was expected, however, that with the aid of a bit of pressure the Turks would accept the terms of peace and respect them. Allied delays and mistakes had played into the hands of the Nationalists whose government had really been the governing body of Turkey since April 23, 1920. Although the Sultan, whose authority was restricted to the province of Constantinople, signed the treaty, the Nationalist Government announced that only the force of superior arms would compel them to recognize the Treaty of Sèvres.[12]

The New American Policy Takes Form

The Government of the United States had been viewing the carving of Turkey with growing apprehension and alarm. Upon reaching the determination that some form of protest must be made, there was no thought of adopting the tactics of 1910. Instead of attempting to combat secret diplomacy with secret diplomacy and imperialism with imperialism, American governmental policy fought secret diplomacy with open diplomacy and imperialism with the economic doctrine of the Open Door. In judging the success of the 1920 struggle against imperialism it must be remembered, however, that the United States was then at the pinnacle of its power and that its representations carried far more weight than they had in 1910.

Since the United States Government had not declared war on Turkey and had not participated in the work of the Supreme Economic Council the Principal Allied Powers allocated the Turkish mandates to France and Britain without the participation of American representatives. Technically, the United States Government had no right to protest except on the basis of concessions granted to American interests by the Turkish Government before the War. Instead of building its protest on such a basis, which would have placed its claims on the same level as those of the British Government in favor of the Turkish Petroleum Company, a much broader principle was adopted. The American right to protest was based on the argument that if it had not been for American participation in the War the Allies would never have had the opportunity to carve the Ottoman corpse. A lengthy correspondence respecting economic rights in mandated territories was thereby opened.

In a note dated November 20, 1920, addressed to Lord Curzon, Secretary Colby observed that such information as his Government had received indicated that the Turkish Petroleum Company had been granted no rights to petroleum concessions or to the exploitation of oil in Mesopotamia prior to the War. The Secretary added that in view of Lord Curzon's assurance that the British Government had no intention of establishing a monopoly in Mesopotamia he was at a loss to understand the provision of the San Remo Agreement that any private petroleum company operating in the Mesopotamian oil fields " shall be under permanent British control."[13]

In a subsequent statement, Ambassador Harvey warned the British Government that American public opinion believed that Great Britain had " been preparing quietly for exclusive control of the oil resources " in that region. It was asserted that American oil companies had been denied rights equal to those granted to British companies. On several occasions the United States Government expressed its belief that the alleged concession of the Turkish Petroleum Company was invalid. The Ambassador requested adherence to the principle that no exclusive economic concessions should be granted in mandated territories and expressed the belief of his Government that it was entitled to participate in any discussions relating to the status of such concessions. That belief was based not only on existing vested rights of American citizens but on the fact that equitable treatment of such concessions was regarded as essential to the application of the Open Door principle in which the United States Government was vitally interested.[14] Indicative of the American feeling at that time was the action of the Senate in passing a resolution in March, 1920, requesting the State Department to report on measures taken by foreign governments to exclude Americans from oil fields under their control.[15]

The British response to American objections was a secret proposal to buy off opposition by permitting the participation of American oil companies in the Turkish Petroleum Company. On December 15, 1922, representatives of the latter Company offered a representative of the American companies a 24 per cent share, which was equal to that of the Royal Dutch, the Anglo-Persian and French interests. The offer carried with it three conditions, however. The United States Government was asked to accept that arrangement as satisfying all American claims to participate in Mesopotamian oil. The Government was also requested to raise no further question concerning the validity of the concession claimed by the Turkish Petroleum Company. Finally, the State Department was asked to instruct its observers at the Lausanne Conference to support such an arrangement.

The hitherto unpublished American reply clearly indicated the new governmental policy. In 1922 the government was demanding recognition of a principle, not a concession for certain groups as in 1910. The first proposal was therefore met with the response that the United States Government was seeking the Open Door for all American companies, not for a particular corporation. The reply to the second condition reiterated the American denial of the validity of the Turkish Petroleum Company's concession, while the final condition was met by a refusal to follow the proposed course of action at Lausanne.[16]

The Clash at Lausanne

While the British-American controversy over economic rights in mandated territories was being waged British fortunes in Turkey had suffered grievously. Italy and France had broken the solid Allied front by repudiating the Treaty of Sèvres and negotiating agreements which recognized the sovereignty of the Grand National Assembly. The Italian accord had been signed on March 9, 1921, and the French had emulated their action on October 30. By September, 1922, Greek military forces were thoroughly routed and the victorious Nationalist army was marching toward Constantinople. A new Armistice was concluded and in order to salvage the wreck a peace conference was convened at Lausanne.

The United States Government was invited to participate and in accepting the invitation on October 30, 1922, transmitted an *Aide Memoire* to the Allies outlining the subjects of American interest and setting forth the American point of view on certain questions. In order to avoid misunderstanding attention was called to the attitude of the United States Government in respect to secret treaties and agreements. It was held that such an arrangement as the Tripartite Agreement of 1920, establishing zones of special commercial and economic influence was not consonant with the principle of equality of economic opportunity. The statement assumed that the Allied powers would not desire nor intend to give effect to any previous arrangements of that nature. In conclusion it was stated that the United States Government had no intention of seeking a position of special privilege for itself or its nationals but that it did intend to protect its rights and to assure recognition of the Open Door.[17]

In addition to the conflicting forces already at work at Lausanne an additional element was injected when the United States accepted the invitation to participate as a proponent of the Open Door principle. In the opinion of one writer there were several blind forces operating at Lausanne at cross purposes, each with its official champion. Nineteenth century imperialism was supported by the British delegation, twentieth century capitalism by the American delegation and postwar nationalism was the basis of Turkish policy.[18]

On November 25, 1922, five days after the opening of the first Lausanne Conference, Ambassador Child, in an address before a plenary session, informed the delegates that the overwhelming sentiment of the American people was in favor of the Open Door policy. They favored it, said he, not only as a national but as an international policy which if it were adopted would not only be a powerful element in the establishment of peace but would form the foundation for greater equity in international relations as well as the basis of a more progressive economic development of territories.[19] Two days later Lord Curzon issued an official statement that England was ready to support the Open Door policy in Turkey and regarded the San Remo Agreement for the division of oil fields in Mosul as null and void.[20] Although yielding on the matter of secret agreements, in accordance with the American position as outlined in its note of acceptance, the chief of the British delegation still insisted on the validity of the Turkish Petroleum Company's concession.

While America and Britain agreed on the important questions of capitulations and minorities they clashed openly on the question of economic rights in Turkey and in former Turkish territories. The British delegation struggled to secure official recognition of the Turkish Petroleum Company in the final treaty while the American delegation successfully resisted that attempt. The already complicated situation was rendered almost hopeless by Turkey's claim to the province of Mosul.

British strategy sought to bring the Conference to a head over the minorities question so that in case of war the government would have popular support. British delegates therefore scarcely mentioned Mosul and oil and Lord Curzon "loathed the prominence which was attached to the question of Mosul oil."[21] Turkish strategy, on the other hand, sought to keep the Mosul question in the foreground in an effort to draw the Conference to a head on that issue.[22] While agreement was reached on a number of questions, the Turkish delegation amazed the Conference and the world by refusing to accept Allied terms on economic and financial questions. Not only did they refuse to accept the terms but they returned to Ankara on February 4, 1923, and the prospects of peace were extremely remote. The first clash between imperialism and nationalism had resulted in a draw!

An indication of Turkish confidence in the impartiality of the United States Government is found in the proposal of the important newspaper *Vakit* on February 21, 1923, that the problems which caused the rupture of the Lausanne Conference be submitted to the American Government for arbitration. On the following day the evening *Akşam* took issue, however, with the *Vakit* proposal claiming that an agreement to arbitrate was a manifest confession of doubt as to the correct solution of the questions and asserting that the United States was not impartial, as evidenced by the attitude of its delegates at Lausanne. In reply *Vakit* asserted that a proposal to arbitrate would be an indication of strength, since Turkey knowing itself to be in the right stood willing to prove it. The editorial also reasserted confidence in the impartiality of the Amercian Government.[23] But the editor of *Vakit* stood alone and his proposal was never accepted.

As time passed and it became evident that the Nationalist Government of Turkey had no intention of yielding on its demands, Great Britain took the lead in recalling the delegates to continue their deliberations. On April 23, 1923, the second Lausanne Conference was opened but the possibility of agreement seemed more remote than ever. In addition to the questions which disrupted the first session, an additional serious obstacle had arisen in the form of the Chester Concession. In the course of a single sitting the Grand National Assembly of Turkey had approved the grant to two representatives of the Ottoman-American Development Company of a concession to build an extensive railway line. The concession included the right to exploit all mineral resources for twelve miles on either side of the right of way. It was that phase of the grant which caused consternation at Lausanne.

The Acting British High Commissioner at Constantinople was instructed to protest emphatically against the grant by the Turkish Government of rights within the borders of Irak and to declare that His Majesty's Government could not recognize the validity of such a concession.[24]

Two days after the grant of the concession the French High Commissioner at Constantinople, General Pellé, protested to Dr. Adnan Bey, Vice President of the Assembly, against the award. It was asserted that the Chester project included rights in certain regions claimed by French concessionaires by virtue of an agreement dated March 21, 1914. The Government of Turkey was informed that the concessions and engagements recognized by that agreement must be respected. While there was some doubt as to the legality of the French claim, it was strengthened by the fact that a loan had been arranged coincidentally on which 460,000,000 francs had been advanced in 1914. A formal protest also was sent to Washington informing the American Government that the Chester Concession could not be recognized. It was intimated that if the United States Government fully approved the Concession and intended to support it "a diplomatic incident of the first importance might result."[25]

On the basis of an agreement dated March 31, 1900, Russia also protested. That agreement provided that whenever Turkey was prepared to build railways in the Black Sea region in case the roads were not built by Turkish capital and enterprisers the concession would be granted to Russian capitalists. The agreement had been made to appease the Russian Government following the grant of a concession for the Bagdad railway to the Germans in 1899. In 1911 Russia joined forces with France and assisted French capitalists in obtaining their alleged concession to build a railway from Samsun to Sivas.[26]

Among all the conflicting forces at Lausanne the timely grant of a concession to the Ottoman-American Development Company may have played some part in the final outcome. But whatever its influence, it was not important. Turkish delegates were successful at Lausanne because the Government of Turkey was prepared to fight rather than to yield in its demands. British imperialism hesitated to plunge the country into an unpopular war with the result that nationalism reigned supreme.

American policy had already secured the annulment of the San Remo Agreement and was successful in keeping any mention of the Turkish Petroleum Company out of the Lausanne Treaty. At the final meeting of the Committee on Concessions when the delegates were asked to accept the Protocol on concessions Sir Horace Rumbold read a prepared statement that although the Turkish Petroleum Company was not mentioned in the Treaty

> He desired on behalf of his Government to assert categorically that the British Government maintained the rights acquired by that Company by agreement with the Ottoman Government in 1914. [The statement was concluded with a remark that] . . . he did not understand why a third party (United States) should interfere in a dispute between the Ottoman Government and a British Company.[27]

The loss of Mosul placed the Turkish Petroleum Company case outside the scope of Turkish-American relations but a final settlement on July 31, 1928, permitted American participation in that enterprise. Under the terms of the agreement concluded in 1928 the Anglo-Persian Oil Company which previously owned 50 per cent of the shares of the Turkish Petroleum Company ceded half of its holdings to the Near East Development Company representing a group of five American corporations. It is estimated that the combined resources of the international combination amount to nearly $1,000,000,000.[28] Thus eight years after the inauguration of its new policy the Government of the United States witnessed the complete success of its efforts to maintain an Open Door in Turkey and in former Turkish territories.

After the international complications caused by the granting of a concession to the Ottoman-American Development Company, that corporation for a second time proved incapable of meeting its financial commitments. During a long period of internal dissension in the course of which control of the Company passed into the hands of two Canadian promoters, responsible financiers severed their connections with the Company. In an effort to secure American financial and governmental support a trust agreement was executed which placed 51 per cent of the stock in the hands of three American trustees, but majority and minority interests continued to clash. In the meanwhile the time limit for the beginning of work expired, causing the Turkish Minister of Public Works to annul the entire grant of concessions on December 18, 1923, for non fulfillment of contract terms.[29]

The Chester concession has not yet completely passed into history, however. Henry Woodhouse, Vice President and General Manager of the Ottoman-American Development Company, contends that his Company is still the active legal owner of the Chester Concession. His argument is based on the contention that the reason for non fulfillment of the contract lay in the fact of *force majeure* on the part of Great Britain in Mosul. The Turkish cancellation of the concession is therefore held to be illegal and void. While the British Government never recognized the legality of those parts of the Chester Concession extending in Mosul, Mr. Woodhouse claims that the final transfer of Mosul to Irak has no bearing on the validity of the original grant, according to international law. It appears, however, that in spite of the claims of the Ottoman-American Development Company the Chester concession is to all intents and purposes completely extinct.

American Diplomatic Policy at Lausanne

As a result of the complicated situation at the Lausanne Conference climaxed by the grant of the Chester Concession and the failure of the American delegation to carry its program on the questions of minorities and capitulations to a successful conclusion, it was widely asserted that the Department of State had worked hand in glove with the Standard Oil and Ottoman-American Development Companies. In a fiery speech on the floor of the Senate, Senator King charged that a bargain had been made between the American observers and the Turkish delegates whereby Armenian rights and American treaty rights had been traded for the Chester Concession.[30] In an equally passionate statement, the American Committee for Armenian Independence asserted that the rights of Armenians had been bartered for dubious oil concessions. An important element of the American press asserted that there had been active contact between the Government and groups interested in Turkish economic rights. It was stated in the New York *Herald*, for instance, that the State Department intended to aid the Ottoman-American Development Company in combatting English claims in Mesopotamia and that "Secretary Hughes explained that the Americans have been in constant touch with the State Department . . . and the concession is in harmony with the Open Door policy advocated by this Government."[31]

The English and French press took the position that "blood may be thicker than water, but oil is thicker than blood" and thereby explained American interest in the Conference. *Le*

Journal des Debats of Paris said that "as was the case at Genoa, oil is the hidden object of the negotiations."[32] A writer in *Living Age* took the position that the real issue was oil and there was no doubt of the conflict between the United States and Great Britain.[33]

In answer to such criticisms the hitherto unpublished American reply to the conditions stipulated by the British Government under which American participation in the Turkish Petroleum Company was offered in 1922 forms the most authoritative refutation of any imperialism on the part of the government. If the policy had been as charged the British proposal would have been accepted with alacrity.

With reference to the alleged connection between the State Department and officials of the Ottoman-American Development Company, there is considerable evidence indicating that the Department not only failed to render undue assistance but literally leaned over backwards in its efforts to adhere to its policy. That persistent and determined efforts were made to elicit such Departmental support as was rendered in the previous decade is a matter of fact. Commander Arthur Chester was stationed at Constantinople as a representative of the United States Shipping Board. His father asked to be appointed as Naval *Attaché* for the purpose of pushing the revival of his project. The Navy Department was asked to send Rear Admiral H. H. Rosseau on a surveying vessel to survey oil resources around Mosul under the terms of the Act of March 4, 1921, which appropriated $35,000 for that purpose.

With the exception of one delegate at Ankara and the Consul at Smyrna, all of the governmental officials who might in any way be involved in the negotiations were stationed at Constantinople. Since negotiations were largely carried on in the new capital, efforts were made to have certain officials accompany representatives of the Development Company and assist them in their conversations at Ankara. An official of the Company requested the Department of Commerce to send the Trade Commissioner to Ankara to assist in obtaining Parliamentary support and the same request was presented by an Admiral in the Navy. The Department not only declined to accede to the request but specifically instructed its representative at Constantinople to refuse to go to Ankara at any time.

In January, 1923, one of the promoters asked the High Commissioner for a letter concerning the financial strength of the Ottoman-American Development Company. The request was refused on the basis of its inconsistency with the Department's policy. All of the evidence leads to the conclusion that the entire staff of the High Commission at Constantinople was sceptical concerning the project. While they were willing to give any assistance consistent with the new governmental policy and such as would be rendered to any American citizen on a legitimate business enterprise, they consistently and steadfastly refused to go any further in their support.

The original Chester project had been a *bona fide* railway plan, but as revived in 1920 was represented as a moral claim to prior oil rights in Mesopotamia. In view of the fact that the American Government was stubbornly resisting the assertion of the British Government that the Turkish Petroleum Company's claim was valid, it could not consistently support the American group whose claim at best was admittedly a moral one. To have supported the Ottoman-American Development Company would have weakened the American position with reference to the Open Door. Moreover, if support had been given it is only reasonable to believe that the government would have assured itself of the financial standing of the corporation so as to prevent a repetition of the embarrassment incurred in 1911. Finally, if governmental support of the nature charged had been rendered it is certain that for the sake of its prestige the government would have insured execution of concession obligations by the Company.

In addition to the evidence already presented there were numerous official and public denials that the government had rendered unjustified support. In a complete and carefully prepared statement, Secretary Hughes officially and publicly denied the sensational charges made by Senator King.[34] In an unpublished dispatch from Minister Grew to the Secretary of State dated November 21, 1923, the American observer stated that at no time during the Conference was there

> any connection whatever between the Armenian Question and the principle of the Open Door or the Chester or any other economic concession. . . . There was no trading, and by the nature of things there could have been no trading, in these entirely disassociated issues.

It was added that the principle of the Open Door was supported purely as a principle and that the delegatoin was not even aware of the terms of the Chester concession.[35]

In a public address Secretary Hughes asserted that the American position was simply one of maintaining the policy of the Open Door and of demanding a square deal for American citizens. The observers at Lausanne objected to the claim of the Turkish Petroleum Company, said the Secretary, because it had never been validly granted. In so objecting, however, the delegation stood for American rights generally and not for any particular interest. The principle of the Open Door was defined as the policy of according to American nationals impartial and appropriate diplomatic support in the assertion of their legal rights without involving the government in any other way. The Secretary concluded that "at no stage of the negotiations was the American position determined by the so called Chester concession." [36]

An open letter from the National Popular Government League to the Department of State dated June 19, 1923, requesting an official statement of the connection, if any, between the American policy at Lausanne and the grant of the Chester concession elicited the following reply on July 3:

> I beg to inform you in reply to your first question, that the Department's reports would not indicate that this concession is a monopoly or that, as your letter appears to suggest, it contemplates "control of certain administrative functions in Asia Minor." The reply to your second question as to whether the concessionaires had been promised moral or political indorsement or have received assurances that in the event of any dispute this Government would be bound to defend the validity of the concession, is in the negative. It is not the Government's practice to give such assurances or "to give implied guaranties." For your further information, it may be added that neither the Department nor its officers in the field took part in the negotiations for the concession. These were carried on directly by the parties concerned. As the Department has taken occasion to point out with other correspondents on this subject, this Government's interest in matters of this nature is that of securing recognition for the policy of the "Open Door"—in assuring equality of opportunity and fair play. In other words, to quote again from your letter, the Department believes that this Government "should deal with questions

> affecting its nationals as they arise as international courtesy, equtiy and justice justify." [37]

On the basis of published and unpublished documents it can be asserted with conviction that there was not the slightest connection between American governmental policy at Lausanne and the coincidental grant of a concession to the Ottoman-American Development Company and the specific participation of five American oil companies in the Turkish Petroleum Company. In fact, the evidence shows that governmental representatives literally leaned over backwards in their efforts to maintain their broad policy and to refrain from rendering specific aid to particular individuals or corporations. The rights obtained as a result of American participation at Lausanne are open to all legitimate American enterprise. Instead of playing the rôle of imperialist the United States Government assisted Turkish representatives in defeating imperialism and inaugurating for the first time in the history of the Near East a policy of equal commercial opportunity for nationals of all nations. The American Government had learned its lesson in 1910 when the policy of fighting fire with fire had failed. A decade later its policy of open diplomacy in politics and of the Open Door in economics as against secret diplomacy and imperialism achieved such marked success that it warrants the continuance of that policy in American international relations.

American Commercial Investment of Capital in Turkey: Present and Future

Officials of the Ottoman Government have almost without exception regarded the prospect of American capital investment in Turkey with favor. In 1909 when American capitalists first became interested in Turkey as a possible field of investment, an official of the United States Government wrote that American enterprise was highly regarded in Turkey in comparison with other powers because of its recognized freedom from political ambition and desire for territorial aggrandizement.[38] When Commander Chester was negotiating for a railway concession in Syria he was encouraged to bid on the projected railway from Sivas to Süleymaiye. The naïve confidence in American capitalism is well illustrated by the statement that Sultan Abdul

Hamid is alleged to have made to Admiral Chester. " Take all the public works of Turkey and parcel them out among whatever companies you think ought to have them," said the Ottoman sovereign, " only let them all be American." [39]

In spite of the encouragement received there was practically no commercial investment of capital in Turkey by Americans prior to the War. The one project which would have involved an important investment of capital never materialized. Following the War American prestige was even greater in Turkey and the Near East in general. The fact that the United States had not declared war on Turkey and that it was not a party to the punitive Treaty of Sèvres undoubtedly served to increase the high regard in which official Turkey held the United States. While other nations were quarreling over the spoils of war the American Government stood aloof and while mandates were regarded by most powers as a means of assuring economic dominance they were regarded by the Government of the United States as a means of fulfilling promises of self determination. Although the rejection by the United States Senate of the proffered mandate for Armenia was a disappointment to many people, it undoubtedly had the effect of strengthening Turkish belief that American adherence to her policy of non interference in the political affairs of other nations would be continued.

As a result of those influences America and Americans enjoyed great prestige in Turkey, especially among the Nationalists who were rapidly rising to power. As a matter of fact, the United States occupied a favored position with both governments. When the Nationalist group finally attained full authority they were anxious to have American capitalists assist them in their extensive program for the economic development of Anatolia.[40]

The favor enjoyed by American enterprise culminated in the grant of a huge concession to the Ottoman-American Development Company in the spring of 1923. Writing in *L'Économiste d'Orient,* Rèchid Bey expressed considerable scepticism over the ultimate success of the scheme but added that " the Chester affair has always been represented as an example or symbol of what foregin capitalists may obtain without the intervention of their government by a direct accord with the Turks. . . ." [41]

Dr. I. Fouad Bey, a member of the Grand National Assembly, explained his support of the concession. The new Government wished to develop the country, said he, but needed the coöperation of foreign capital. Experience had taught them that there were two kinds of coöperation, one of which was coupled with political ambition, the other being purely business enterprise. Turkey had had enough of the former type of coöperation, said the Deputy, and conceiving the Chester project to be an example of the latter type had granted the concession to the American group.[42]

A similar opinion, coupled with an ominous warning, was expressed by the Prime Minister, Raouf Bey. All previous efforts to develop the country with European capital had ended in political pressure and economic enslavement, said the Premier. Although American capital had never been tried, it was the belief of his Government that a square deal would be given. He concluded that if the American concession did not make good their failure would be the " knock out " of American enterprise in Turkey.[43]

There was considerable opposition expressed in the Turkish press, not because the concession had been granted to an American group but because of the haste with which it had been pushed through the Assembly. One writer expressed an inexplainable yet profound fear of the Chester project. He recalled that Dr. Pasdermadjian, who had later joined the Czar's army, was one of the early proponents of the concession. Without exception, the press expressed its disapproval of the haste of the Assembly in giving its consent. It was complained that while the government spent many months in making peace it concluded a contract in one day which was vital to the economic welfare of the nation.[44] Some of the bitter feeling engendered by the haste in granting the concession and the consequent failure of the concessionaires was disclosed a year later in the course of an assembly session in which Ismet Paşa was attacked for his work at Lausanne. In reply he said

> let us admit that I have committed an error at Lausanne. But two vagabonds arrived from America and succeeded in obtaining a concession over one half of Anatolia which is called the Chester project—did I not narrate to you all the difficulties which arose at the Lausanne Conference from the granting of this concession? It almost caused a rupture of

> the conference and almost plunged us into a new war. Who caused these difficulties? Two Americans—two Americans with no capital.[45]

The failure of the Ottoman-American Development Company to carry out the terms of its contract caused a serious decline in the prestige of American enterprise. There was more disappointment than bitterness, however. There had been high hopes of American assistance on a large scale which would make Anatolia blossom and bear much fruit. Failure left the leaders of Turkey with the alternative of risking their hard won liberty by resorting to European loans for economic development or of expanding slowly but safely by accumulating their own capital. In spite of the disappointment, the latter course was adopted and the State has become the capitalist of Turkey.

As a result of the change in governmental policy, Turkish officials have shown themselves to be extremely sceptical over all subsequent proposals. Disappointment and disagreement with that policy was evidenced in an editorial following the failure of negotiations with the American firm, Ulen and Company. The writer stated that

> it is manifest that the most secure and trustworthy capital and enterprise which we can introduce to our country is American . . . but so far no steps have been taken to invite American enterprise to our country and an entirely wrong attitude has been assumed by the Government with regard to the few American applicants.

On the other hand, it was said, a vast concession was hastily granted to a group of adventurers while a responsible group was denied a fair proposition.[46]

With the passage of time the feeling of scepticism has gradually tempered. Today American capital again is not only favored but encouraged. A general invitation to all capitalists was implied in a statement appearing in the Bulletin of the Smyrna Chamber of Commerce. It was stated that Turkey is a vast country of great interest for foreign capitalists who wish to coöperate seriously and sincerely in the country's economic development.[47] Upon announcement that the Ford Motor Company would establish an assembly plant in Constantinople, *L'Économiste d'Orient* expressed "lively satisfaction" and added "we felicitate ourselves" that the plant is to be located on the Bosphorus. Americans do not yet know Turkey nor the Turks, said the writer, but those who had had occasion to become acquainted with the present situation and needs of Anatolia had been impressed by the favorable attitude of the Turkish Government and had expressed their desire to undertake to assist Turkey in its development. American capitalists were assured that they would receive most cordial and courteous treatment on the part of all Turkish authorities but especially in the Ministries of Public Works, Economy and Finance, where they would be free to undertake negotiations without intermediaries.[48]

In spite of this open encouragement there is thus far very little commercial investment of capital in Turkey. In 1923 it was estimated that American commercial investments did not exceed a valuation of $15,000,000.[49] The Department of Commerce placed the estimate as low as $5,000,000. In view of the liberality of the first estimate the value of American capital invested in Turkey probably does not exceed that figure today. Such capital as is invested is largely in the form of plant facilities belonging to the various tobacco companies, the Standard Oil Company, MacAndrews and Forbes, and the recent $100,000 investment on the part of the Ford Motor Company. Suggestive of the probable future trend was the grant of a loan of $10,000,000 to the Turkish Government in June, 1930 by an American group in return for the concession of the match monopoly.

An explanation of the dearth of American capital in Turkey is found first of all in the extremely severe terms which have been required by the government. On the other hand, capitalists have been doubtful concerning the stability of the new government and general security in the country. As under the old régime, the government is the borrower in Turkey. Up to the present time it has expected to receive loans without granting adequate guarantees with the result that capitalists, attracted by many more lucrative opportunities, have invested their funds elsewhere. There is a real need and opportunity for the investment of non imperialistic capital in Turkey. The longer the government continues the stronger its position will become and as its severe policy toward foreign capital gradually tempers the possibility of greater American investments will increase.

Summary and Conclusions

Following Turkey's alignment with Germany in 1914, England, France, Italy and Russia proceeded to divide the spoils of anticipated victory. When hopes were realized in 1918, the Ottoman Government expected little and received less in the way of Allied consideration. The Treaty of Sèvres with its supplementary secret agreements was one of the most punitive and one of the most daring and deliberate divisions of war spoils in modern history.

The United States Government watched the carving of Turkey with growing apprehension and alarm. Instead of resorting to imperialism to fight imperialism, it took recourse to open diplomacy, fortified by its dominant position, and insisted on recognition of the principle of equal commercial opportunity in Turkey. Opposition to the Turkish Petroleum Company's alleged claim led the British Government to propose American participation on a bargaining basis, but the offer was firmly declined. The Government of the United States was then invited to participate at the Lausanne Conference. In accepting the invitation it denounced secret agreements concerning economic rights and at the opening of the Conference Ambassador Child addressed the delegates on the principle of the Open Door. Two days later Lord Curzon announced that the San Remo Agreement was regarded as void, but stood firm on the claims for the Turkish Petroleum Company.

The complicated issues at Lausanne were rendered well nigh hopeless by Turkey's claims to Mosul and its subsequent grant of a sweeping concession to a group of American capitalists. Official and determined protests were filed by Britain, France and Russia, and the American position was weakened by the appearance of close coöperation with the concessionaires. The speed with which the Grand National Assembly approved the concession lends credence to the view that it was granted to strengthen Turkish bargaining power. It was, however, none the less a *bona fide* grant. Yet, in the final outcome that phase of the negotiations played a negligible part. Turkish nationalism won its remarkable victory over European imperialism because the Government of Turkey was prepared to fight for its demands.

American policy achieved complete success when mention of the Turkish Petroleum Company was barred from the Treaty of Lausanne. Six years later five American oil companies were permitted to participate in the Turkish Petroleum Company. That international undertaking is an illustration of a solution which is becoming increasingly important in the scramble for world resources.

After the international flurry caused by the grant of a concession to it the Ottoman-American Development Company for the second time proved incapable of meeting its financial commitments. While its failure impaired the prestige of American enterprise for a time it caused no embarrassment to the Government of the United States, as it had ten years before, for all requests for active support had been refused. Yet American policy at Lausanne was particularly attacked as having bartered capitulations and the rights of Armenia for the benefit of the Standard Oil and Ottoman-American Development Companies. There is no evidence to support such a charge, while there is considerable evidence, some of it new, indicating that the Government of the United States scrupulously adhered to the policy of the Open Door as a broad principle rather than for individual or corporate rights. The authoritative unpublished American reply to the British proposal in 1922 definitely clears the Department of a charge of bartering in favor of the Standard Oil Company. Equally strong evidence denies any connection between the activities of the Department and the Ottoman-American Development Company. The marked success of American open diplomacy in its struggle to maintain an open economic door in Turkey fully justifies the continuation of that policy not only in future relations with Turkey but in all international relations.

Because of its freedom from political ambition American capital has always been highly favored in Turkey. In the past, however, more lucrative opportunities at home or elsewhere have prevented any important investment in Turkey. The unfortunate failure of the Ottoman-American Development Company to carry out its contract caused a decline in American commercial prestige. That feeling has tempered, however, and today the possibility of American capital investment is not only favored but encouraged. Turkey today is on the threshold of a new economic era, the rapid and full attainment of which is dependent on the coöperation of foreign capital. As the present government continues to grow in strength and becomes willing to offer attractive guarantees and as the American capital fund continues to expand the possibility of increasing commercial investments in Turkey seems certain.

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PART V

AMERICA AS A HAVEN FOR MINORITIES

XVI

Escape from Tyranny and Poverty

In feudal times, when man was attached to the land on which he lived, there was no possibility of escaping from tyranny or poverty. Born in a certain village, an individual was predestined to spend his entire life in that place without any hope of improving his condition. As feudal society gradually gave way to other forms of economic and political organization the restrictions which attached men to the soil on which they were born were slowly removed. The grant of positive freedom was at first unimportant, however, for the horizon in those days was extremely limited. With the exception of small movements from rural districts to towns, there were no important migrations of people seeking to improve their economic or political conditions. Efforts were made to improve their economic status through the use of better tools and methods of production. Similar efforts were made to improve their political status by evolving more satisfactory forms of government. As those two fundamental movements gradually grew in scope, they culminated in an industrial revolution in the latter part of the eighteenth century and in many political revolutions in western Europe in the eighteenth and nineteenth centuries.

Appealing first to victims of religious tyranny as a haven, the United States of America assumed new importance in the middle of the nineteenth century as a refuge for victims of political tyranny, and somewhat later for individuals seeking relief from economic poverty. Its democratic form of government offered an undreamed-of freedom to millions of politically oppressed people and its marvelous stores of natural wealth held forth fabulous opportunities for an immigrant to improve his material well-being. The cumulative and collective effects of those inducements resulted in an increasing annual influx of immigrants seeking surcease from oppression of one kind or another, which culminated in the most extensive movement of people from one continent to another ever recorded in history.

Into that remarkable migration Turkey poured its contribution and thereby opened a third phase in Turkish-American relations.

Causes of Emigration from Turkey to the United States:

(1) *Economic*

A basic principle of economic science is that in a given state of the arts of production population tends to outrun subsistence. In a given land area, owing to the fact of diminishing returns, there is a limit to the amount of product which can be obtained through additional applications of labor and capital in a given state of the arts. In a definitely restricted territory such as Turkey there is then a fixed limit to the size of the population at any given time.

In general there are two means of escape from the dilemma with which a nation is thus faced. It may contrive methods for increasing the national productivity or it may check the increase of population. It is probable, of course, that a nation will resort to both possibilities.

The national productivity might be increased in a number of different ways. One of the most common has been that of acquiring more land. As a nation nears the point of maximum productivity of a given area of land it may set out to acquire more land either by peaceful or aggressive means. Upon applying its surplus labor and capital to the newly acquired land its national productivity may be increased. In the days of Ottoman power and expansion the land area of Turkey was greatly increased. It was at one time more extensive than the Roman Empire had been. Its possessions were spread over three continents and comprised 1,720,916 square miles of territory. Tribute poured in from conquered peoples, and the Empire of which Constantinople was the capital was a symbol of wealth and power. Eventually the tide turned, however, and the Empire began to decline. As the process continued it accelerated, culminating in the debacle of 1918 and in the passing of the Empire in 1922.

A second means of increasing national productivity is through improvement in the arts of production. Today Turkey comprises 294,416 square miles of territory, of which less than 10 per cent is devoted to agricultural production. The limited soil used yields a meager product, for the use of scientific methods and instruments is extremely limited. The future material welfare of its people will best be attained by an improvement in the arts of production which will increase the national yield. Certainly in the past it cannot be said that Turkey resorted to this means of increasing its productivity.

A third means of increasing national production has been found by many nations in the process of manufacturing. By devoting their efforts almost entirely to manufacturing or commerce and exchanging their surplus product for food and raw materials from abroad, some nations have found it possible to maintain a much larger population on a given area of land. Turkey is not a manufacturing nor a commercial nation. Its past and present function in the world economic organization is to supply the food products and raw materials which industrial nations need.

The increase of population may be checked in a number of different ways. A high death rate may offset a high birth rate. High infant mortality, the prevalence of disease, famines, and wars tend to decimate certain peoples from time to time. All of these factors certainly have operated to check population increase in Turkey.

A positive means of checking population growth is through the maintenance of a low birth rate. This may be accomplished unconsciously through the prevalence of vice which vitiates the reproductive process or it may be accomplished consciously through the custom of late marriage or the practice of contraception. In past years the prevalence of vice has probably been no more widespread in Turkey than in other countries. A distinctive factor, however, and one to which Malthus called attention, was the former practice of polygamy in Turkey. Islam permitted its adherents legally to have four wives and in addition countenanced an unlimited number of concubines. Rather than resulting in a high birth rate, that practice, according to Malthus, caused a low birth rate, for it resulted in male debility at the age of thirty.[1] Polygamy was not widespread in Turkey, however. In the first place, it was limited to Moslems and secondly, to wealthy Moslems who were few in number. In rural districts a plurality of wives was not uncommon, but they were regarded as economic assets and the effect of that custom on the birth rate was thereby reduced. In former years the tendency among all classes was to marry at an early age, and so far as is known there was no knowledge or use of contraceptive methods by the large masses of population in Turkey. In 1927 a Turkish newspaper wrote approvingly of the arrest of the publisher of a book on birth control. In the trial which followed the publisher was prosecuted on a charge of anti-social propaganda susceptible of rendering negative efforts to repopulate the country.

A third means of checking the growth of a nation's population in relation to its resources is found in the emigration of some of the people to a colony of the mother country or to some other country. Since the establishment of the new Republic in North America approximately 367,000 persons have sought to improve their economic and political condition by taking up their residence in the land of promise. That movement was not induced by over-population, however, but rather by economic and political causes peculiar to the Ottoman Empire.

In considering the subsequent economic causes, it may be said that under the Ottoman régime Turkey was a static nation. The economic processes of production did not change materially during the life of the Empire. There has not even yet been an industrial revolution in Turkey. Economically the country is still in the agricultural stage of development. In agriculture there has scarcely been any improvement in technique. There is no extensive use of scientific methods or machinery. A land naturally rich in resources and fertility has long yielded a meager product which, divided among the inhabitants, has provided an extremely small income.

Wages always have been low and their rise in recent years has not kept pace with the fall in value of the lira. A day laborer in 1908 received from 23 to 29 cents for a ten-hour day in rural districts and was paid only 38 cents in urban centers. A farm laborer with oxen received from 39 to 77 cents for a day's work, while diggers of licorice root were paid from 19 to 29 cents a day. Unskilled women workers received a pittance varying from 10 to 15 cents for 10 hours of work, while skilled rug weavers were only paid from 19 to 24 cents and silk workers received from 8 to 48 cents for a ten-hour day, depending on the degree of their skill.[2] Coal miners working eleven hours per day in 1920 were paid 45 to 75 cents.[3]

Wages in the tobacco industry in 1924 showed no increase comparable to the rise in cost of living. Women and children working from 9 to 12 hours a day were paid 26 to 48 cents. Sorters received 61 cents for a day's work, while packers were paid from 80 to 93 cents, and workers who were classed as experts received the highest wage paid, which varied from $2.38 to $2.65.[4]

The wage scale is not now appreciably higher. According to the index number issued by the Constantinople Chamber of Commerce the cost of living in January, 1930, was 1,353 times greater than in 1914. If allowance is made for the depreciation in value of the lira, the index number for that month was 149.[5] Women workers in a Constantinople canning factory receive from 20 to 50 cents a day while women employed on a piece-rate basis in weaving rugs and in the tobacco factory are able to earn from 50 to 75 cents. The highest wage paid to male workers in the municipal slaughter house at Constantinople is 65 cents a day, while men teachers in the Commercial School receive $1.00 for a day's work. The estimated average daily earning of an unskilled laborer such as a *hamal* is 50 cents. The new Ford assembly plant, which pays a minimum of $1.50 per day, is 100 per cent higher in its wage scale than other plants employing similar labor.[6]

In 1915 the average family in the province of Harput lived on an income of $150 per year.[7] As a result of the wars which have followed, the situation of peasants in the interior was even worse in 1927. The value of the total agricultural production of Turkey in that year amounted to £T337,000,000 ($173,531,410), making an average income for a family of five of £T192. Converting at the average rate of exchange for 1927, the money income was approximately $99. The maximum income for families living in favored regions was $195, with some families receiving a minimum of $34. On a per capita basis the average monetary income for that year was slightly less than $20. These figures do not include the money income received from nuts, fruits, stock, and other non-agricultural sources. Moreover, it must be emphasized that 1927 was a drought year. On the other hand, even if the figures should be doubled they represent a deplorably meager income for 70 per cent of the population of Turkey.[8]

Perhaps a more representative estimate was that given by Rèchid Safvet Bey in addressing the International Economic Conference in Geneva on May 10, 1927. His estimate of the total national income of Turkey, based chiefly on taxes paid by industrial classes, was £T700,000,000.[9] Dividing that figure by the number of people in Turkey according to the census of 1927 the per capita income is found to be £T513. Converting at the average rate of exchange for 1927, $264 is found to be the average income per person. It must be emphasized, however, that the extremes of wealth in Turkey are striking. For the large mass of people in the interior of Anatolia the average yearly income per person is far less than $264.

In contrast to the generally low scale of wages in Turkey in the past as well as in the present was the relatively high scale in the United States. Frequently unskilled day laborers could earn five to ten times as much in America as they could in Turkey. The opportunities for all emigrants were correspondingly lucrative. By working ten, fifteen, twenty, or twenty-five years at high wages and by subsisting on the frugal fare to which he had long been accustomed, an emigrant from Turkey could save several thousand dollars. On returning to his native land his savings represented a comfortable fortune, owing to the difference in price levels, enabling him to live in comparative comfort. Or, if he chose, he could remain in the United States, where his real income would be far greater than it had been in Turkey. In either case, an emigrant was almost certain of improving his economic condition. He had nothing to lose and everything to gain by leaving the country of his birth. As the knowledge of those opportunities gradually spread through the interior of Turkey it acted as a great stimulus to the movement of people to the United States. It is strikingly significant that the heaviest emigration had its origin in the interior of Anatolia and Syria, which were the poorest sections of the Empire. The stagnant economic condition of those regions provided a strong impetus to ambitious young men to seek their fortune in the land of opportunity.

(2) *Political*

Political oppression in various countries of the Old World has probably been one of the chief causes of emigration. Political freedom has always been highly prized by man. Positive economic freedom is no less desired. When both are denied, as they were to a large degree in Turkey, it is not surprising to find some of the people emigrating to lands holding forth the promise of greater opportunity. The stagnant economic condition of Turkey was largely a result of corrupt and inefficient government. The Imperial Ottoman Government achieved an infamous reputation which was personified in the caricature of the "Sick Man of Europe." In protecting the people of the country from foreign invasion, in maintaining peace within the Empire, and in providing constructive social legislation the Ottoman Government was notably inefficient. At the Paris Peace Conference in 1919 in reply to the Turkish plea for the continuation of the Empire the Council of Ten stated:

> Yet in all these changes there has been no case found either in Europe or in Asia or in Africa in which the establishment of Turkish rule in any country has not been followed by a diminution of prosperity in that country. Neither is there any case to be found in which the withdrawal of Turkish rule has not been followed by material prosperity and a rise in culture. Never among the Christians in Europe nor among the Moslems in Syria, Arabia or Africa has the Turk done other than destroy wherever he has conquered. Never has he shown that he is able to develop in peace what he has gained in war. Not in this direction do his talents lie.[10]

There was no political or economic unity to the Ottoman Empire. Geographic and ethnic boundaries were ignored. It was an Empire based on military force which, upon the decline of that power, began to crumble. Within the country there was no unity of government. The central power at Constantinople delegated authority to the governors of provinces who were a law unto themselves. The chief aim of the government seemed to be to collect revenue, which was done through a vicious system of farming out of taxes. The proceeds were largely spent in maintaining an elaborate court and a large army. Much of the revenue was lost through corruption. Religious and racial favoritism prevailed. As a result the Ottoman Government was in many respects a decided detriment rather than an aid to the people of Turkey, especially the large minority element.

The Young Turk Revolution in 1908 gave rise to the hope that a new order of things would follow in Turkey, but despotism continued. Prior to 1910 Christian subjects of the Empire were not liable to military duty. Consequently when the government decided to include them, beginning in that year, there was an unusually heavy exodus of emigrants from Turkey.[11] Again in 1913 the call to arms deprived many families of their principal means of support. The requisitioning of horses and mules, the increased taxes and the prospect of still heavier burdens added to the general distress of the population and contributed greatly to the already considerable flow of emigrants.[12]

In many cases emigrants remained in the United States just long enough to secure their naturalization papers and then returned to their native land. As American citizens they were entitled to the protection of the United States Government and, under the capitulations, were exempt from prosecution in Turkish courts and from taxation by the Ottoman Government. Emigration therefore held out to subjects of the Sultan the possibility not only of improving their economic condition but also the opportunity to improve their political condition, even though they continued to live in their native land.

(3) *Artificial*

The efforts of steamship companies, money lenders, and labor agents devoted to the inducement of emigration as a matter of gain to themselves had a powerful influence on the volume of emigration. The ignorant peasants were studiously exploited. Exaggerated accounts of opportunities in America were used by ticket agents to sell tickets, by money lenders to secure loans at high rates of interest, and by labor agents to obtain a supply of cheap labor. In 1909 the Commissioner-General of Immigration for the United States called attention to the fact that steamship lines were directly and indirectly responsible for unnatural inducement of emigration. They operated through sub-ticket sellers who took mortgages on emigrants' property at high rates of interest. In some cases Turkish subjects who had emigrated to the United States returned to their native land and recruited emigrants. In one case a group of young men returned, organized a company and had their agents in every large village. The agents urged emigration, sold tickets and personally conducted the emigrants on to the steamers. There were many cases of violations of the United States contract labor law which resulted in deportation of the immigrants and prosecution of the violators.[13]

Volume of Emigration Up to 1900

From the very beginning of the Government of the United States until 1869 only 294 persons emigrated from Turkey to the United States.[14] In the following decade there was no year in which the volume of immigration from Turkey reached 100, the total for the ten-year period amounting to only 400.[15] From 1879 to 1889 immigration from Turkey began slowly to increase, exceeding 500 per year in 1887 and almost attaining the figure of 1,000 in 1889. For the entire period the total was 2,990.[16] In the last decade of the nineteenth century there was a noticeable increase in the movement of people from Turkey to the United States. In 1891 the total number migrating was 3,565, a figure which was larger than the total for the preceding decade. Figures for the years 1890 and 1896 are missing, but substituting an estimate based on the trend for that decade the total number of immigrants from Turkey during the last decade of the nineteenth century was 32,278. The estimated total for all the years up to 1900 is 37,962. Of that number 32,000 were concentrated in the last ten years, indicating that from the standpoint of Turkey emigration to the United States began to assume significance in that period.

Volume of Emigration from 1900 to 1929

The accompanying table shows the number of emigrants from Turkey to the United States by years from 1900 to 1924. Because of the American restrictions which went into effect in the latter year, figures for the last seven years are not included in the table. While 2,654 aliens from Turkey were admitted in 1924 and charged to the quota, the number dropped to 96 in 1925, to 86 in 1926, to 120 in 1927, to 154 in 1928, to 150 in 1929 and rose to 230 in 1930.[17] During the same period the persons admitted who gave Turkey as their last permanent residence but were not charged to the quota numbered 2,624, making a total for the seven years of 6,114. It will be seen that the total immigration during the first twenty-three years amounted to 323,392. Adding the figures for the last seven years, a total migration of 329,506 persons is found to have occurred from 1900 to 1930 inclusive.

Referring to the table it is seen that for the first eight years only the gross total of immigration is shown. Beginning in 1908, however, the number of aliens deported is shown as well as the net total of emigrants. The table shows that there was a steady increase in the exodus of Ottoman subjects from 1900 to 1906 inclusive. The following year there was almost a 50 per cent increase, and in 1907 the number of those departed was 89 per cent greater than in the previous year. In the decade 1905 to 1915 the number of people going from Turkey to America reached its height, the peak years being 1907, 1910, 1913, and 1914. The War, of course, immediately affected the departure of Ottoman subjects, and in the following years the volume of emigration declined, reaching the lowest point in 1919. In 1920 there were practically 7,000 immigrants, followed by an increase of 160 per cent in 1921. The war which was fought between Turkey and Greece in 1921 and 1922 exerted a retarding influence on the outward movement of peoples but the chief restricting factor was the limitation placed on the number who might enter the United States beginning in 1921.

In comparing the emigration from Turkey in Europe and from Turkey in Asia, it is interesting to note that emigration from the latter portion of the Ottoman Empire exceeded that from Turkey in Europe in the period from 1900 to 1906. From 1906 to 1913 emigration from European Turkey was greater than from Asiatic Turkey with the pendulum swinging back to Turkey in Asia in 1913, whose emigration continued to exceed that from Turkey in Europe up to 1923. In that year the number of emigrants from European Turkey again exceeded the number from Turkey in Asia. The comparatively steady emigration from Turkey in Asia can largely be attributed to the operation of economic and political factors, while the sporadic emigration from Turkey in Europe may be accounted for chiefly through political causes. Beginning in 1907 and continuing through 1914 the exodus from European Turkey reached its height. Political unrest among the European provinces of Turkey during that period was extremely general,

TABLE 20 NUMBER OF EMIGRANTS FROM TURKEY TO THE UNITED STATES, BY YEARS, 1900–1923 INCLUSIVE[1]

Year Ending June 30	From Turkey in Europe	From Turkey in Asia	Gross Total	Departed Immigrants			Net Total Emigration from Turkey to United States	Total United States Immigration	Percentage Turkish Immigration was of United States Total
				To Turkey in Europe	To Turkey in Asia	Total			
1900	285	3,962	4,247					448,572	.9
1901	387	5,782	6,169					487,918	1.3
1902	187	6,223	6,410					648,743	1.0
1903	1,529	7,118	8,647					857,046	1.0
1904	4,344	5,235	9,579					812,870	1.2
1905	4,542	6,157	10,699					1,026,499	1.0
1906	9,510	6,354	15,864					1,100,735	1.4
1907	20,767	8,053	28,820					1,285,349	2.2
1908	11,290	9,753	21,043	3,084	1,847	4,931	16,112	782,870	2.7
1909	9,015	7,506	16,521	1,267	1,650	2,917	13,604	751,786	2.2
1910	18,405	15,212	33,617	1,988	1,548	3,536	30,081	1,041,570	3.2
1911	14,438	10,229	24,667	4,688	1,905	6,593	18,074	878,587	2.8
1912	14,481	12,788	27,269	5,926	1,551	7,477	19,792	838,172	3.3
1913	14,128	23,955	38,083	4,809	1,313	6,122	31,961	1,197,892	3.2
1914	8,199	21,716	29,915	2,528	2,243	4,771	25,144	1,218,480	2.5
1915	1,008	3,543	4,551	164	593	757	3,794	326,700	1.4
1916	313	1,670	1,983	18	14	32	1,951	298,826	.7
1917	152	393	545	24	8	32	513	295,403	.2
1918	15	43	58	24	5	29	29	110,618	.1
1919	10	19	29	47	26	73	44	141,132	0
1920	1,933	5,033	6,966	1,812	1,731	3,543	3,423	430,001	1.6
1921	6,391	11,735	18,126	405	2,534	2,939	15,187	805,228	2.3
1922	1,660	1,998	3,658	201	1,731	1,932	1,726	309,556	1.2
1923	3,743	2,183	5,926	125	773	898	5,028	522,919	1.1
Total.......	146,732	176,660	323,392	27,110	19,472	46,582	186,463	16,617,472	
Average.....	6,114	7,361	13,475	1,694	1,217	2,911	11,654	692,395	1.6

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[1] *Annual Reports* of the COMMISSIONER-GENERAL OF IMMIGRATION, 1900–1923.

culminating in the Balkan Wars of 1912 and 1913. Following the Young Turk Revolution in July, 1908, there was a substantial decrease in the number of emigrants from Turkey in Europe, but when it quickly developed that the Young Turk Government was as tyrannical as that which it had replaced there was a 100 per cent increase in the number who departed in 1910.

Economic causes alone cannot explain the emigration from Turkey in Asia, however. The remarkable increase of more than 100 per cent to which reference has just been made was stimulated by the decision of the Ottoman Government to enlist Christians in the Ottoman army. Since Armenians constituted the chief Christian element in the Empire, it is not surprising to find them fleeing in large numbers. Continued political unrest, wars, and desire to escape military service may account in large measure for the continued exodus from 1910 to 1915.

A comparison of gross total immigration into the United States from Turkey with total immigration into the United States is shown in percentage terms in the last column of the table. In 1912 immigration from Turkey accounted for 3.3 per cent of total immigration into the United States, which was the highest percentage attained. The average for the twenty-four year period was 1.6 per cent.

Analysis of Emigrants from Turkey to the United States

The nationality of peoples emigrating from the Ottoman Empire in the years 1900 to 1924 is shown in table 21. Probably the outstanding fact disclosed by the statistics is that only 5 per cent of the total number departed were Turks. That can, no doubt, be explained in part by the fact that the Turks were the dominant, governing people who as masters of the Empire held most of the lucrative offices in the government and army. As officials and soldiers they did not feel the political oppression nor the pinch of poverty as a nationality to the same extent as other nationals. For the peasants, who were no better off than other nationals, the explanation is very likely to be found in the well known docility of character and lack of initiative typical of that class. An important result of that situation has been that the Turks, scarcely represented in America, are known only as they have been portrayed by minority groups who have emigrated in large numbers. Obviously Americans have received a strongly biased interpretation resulting in a widespread anti-Turkish sentiment. Without attempting to open the delicate question of minorities in the Ottoman Empire nor appearing to condone in any way the established acts of violence perpetrated by the Turks, it should be stated that there are two sides to the question, only one of which has been presented in America.

The emigration of Greek subjects from Turkey was larger than that of any other non Turkish group, representing 27 per cent of the total. The Greeks were important as traders and merchants in Turkey and particularly felt the restrictive legislation and oppressive taxes levied by the Ottoman Government. It is noteworthy that Greek emigration was almost entirely concentrated in the decade from 1903 to 1913 when political unrest in the Empire was general.

Emigration from Syria was comparatively large and steady throughout the period, comprising 25 per cent of the total. The steady exodus of people from Syria regardless of changes in political conditions indicates that their chief motive was economic in nature.[18] The emigration of Armenians, like that of the Syrians, was relatively large and steady in volume throughout the twenty-four year period, representing 18 per cent of the total emigration to the United States. In addition to the desire to improve their economic condition, Armenians were motivated by a desire to escape religious persecution and military service.

The emigration of Bulgarians, Serbians and Montenegrins comprised 12 per cent of the total. Their departure was concentrated in the decade from 1903 to 1913. As in the case of Greek emigration, it may be concluded that political causes largely accounted for their departure. Moreover, as a result of the Balkan Wars the territories from which those people came were detached from the Ottoman Empire. The emigration of Hebrews from Turkey was not large, representing only 6 per cent of the total, yet even that figure exceeded the figure for Turkish emigration. While the annual movement was small early in the century, it increased rather steadily until the War period. Following the War it continued to expand until it became the second largest in 1923. Since there was never any concerted religious or political persecution of Jews in Turkey,

TABLE 21

NATIONALITY OF EMIGRANTS FROM TURKEY TO THE UNITED STATES[1]

Year Ending June 30	Turkish	Greek	Syrian	Armenian	Serbian, Montenegrin, Bulgarian	Hebrew	Others	Total
1900	181	0	2,891	981	71	114	9	4,247
1901	125	6	3,984	1,855	9	154	36	6,169
1902	159	1	4,938	1,149	8	138	17	6,410
1903	395	268	5,407	1,755	540	211	71	8,647
1904	1,390	1,306	3,232	1,674	1,250	313	414	9,579
1905	1,930	1,333	4,161	1,584	1,349	173	169	10,699
1906	1,729	2,872	4,807	1,522	3,663	461	810	15,864
1907	1,507	8,413	5,105	1,740	9,499	918	1,638	28,820
1908	1,908	6,409	4,709	2,863	3,341	635	1,178	21,043
1909	718	5,458	3,023	2,906	2,408	690	1,318	16,521
1910	1,174	12,652	5,579	5,129	5,025	1,388	2,670	33,617
1911	791	9,878	4,499	2,710	3,118	1,177	2,494	24,667
1912	1,164	9,281	4,718	4,591	3,188	1,381	2,946	27,269
1913	1,688	14,566	8,272	7,811	1,627	2,053	2,066	38,083
1914[2]	—	—	—	—	—	—	—	29,915
1915[2]	—	—	—	—	—	—	—	4,551
1916	15	1,508	30	140	0	258	32	1,983
1917	22	316	5	95	4	94	9	545
1918[2]	—	—	—	—	—	—	—	58
1919[2]	—	—	—	—	—	—	—	29
1920	76	824	2,332	2,255	6	1,319	154	6,966
1921	180	2,202	4,157	8,570	33	2,435	549	18,126
1922	23	330	754	1,711	11	528	301	3,658
1923	190	639	670	2,025	8	1,618	776	5,926
Total	15,365	78,262	73,273	53,066	35,158	16,058	17,657	323,392[3]

[1] *Annual Reports* of the COMMISSIONER-GENERAL OF IMMIGRATION, 1900 to 1923 inclusive.

[2] No figures given for those years by nationalities.

[3] Total figure by nationalities 288,839.

it must be concluded that their emigration was caused largely by a desire to improve their economic condition.[19]

In the *Annual Reports* of the Commissioner-General of Immigration for the United States data concerning the sex, age, literacy, financial condition, occupation and permanence of residence in the United States are given by nationalities rather than by country of origin. The problem of getting such data by countries of origin, therefore, is complicated. It was rendered especially difficult in the case of Turkey because of the large number of nationalities emigrating from that country. In the absence of the desired data the following statistics have been constructed on the basis of emigration figures for Armenians, Syrians and Turks. Reference to table 21 shows that the emigration of those three groups constituted 50 per cent of the total emigration from Turkey to the United States. On the other hand, 85 per cent of all the immigrants of those three nationalities gave Turkey as their country of origin. Moreover, those three groups were peculiarly typical of the real Turkey for most of them came from the interior. The largest single element outside of those groups was the Greek. Immigrants of that nationality, on the other hand, came principally from Turkey in Europe and conclusions concerning Greek emigration would no doubt apply as well or better to them than conclusions concerning emigration from Turkey. In view of these considerations it is believed that information concerning the condition of Armenian, Syrian and Turkish immigrants from 1900 to 1924 may be taken as typical of Turkish emigration as a whole.

Statistical evidence indicates that the number of male immigrants from Turkey exceeded the number of female immigrants in all but the last two years of the period from 1900 to 1924. In one year the number of males represented 81 per cent of the total immigration from Turkey, the average being 70 per cent. On the average, 81 per cent of all the immigrants were between the ages of fourteen and forty-five years. Those under fourteen years of age comprised 14 per cent of the total. Combining the figures for sex and age the significant fact is disclosed that 57 per cent of the immigrants in the period under consideration were males between the ages of fourteen and forty-five years.

A study of the literacy and financial condition of immigrants from Turkey indicates that illiteracy ran high before the War, reaching 45 per cent in 1907 and 1908. The imposition of a literacy test in 1917 reduced the average to 31 per cent. It is not surprising to find a high percentage of illiteracy among immigrants from Turkey since it was estimated that 85 per cent of the people in that country in 1923 were illiterate.[20] As a matter of fact, the figure was probably 90 or 95 per cent for the official census of 1927 reported 88 per cent of the population unable to read or write.[21] Due to the determined efforts which are being made by the new government the rate of illiteracy is declining. An important forward step was taken in 1928 when Arabic characters were abolished and the Latin alphabet introduced. The law became effective January 1, 1929, but did not enter into full force until June 1, 1930.[22] At the same time it was required that all persons under the age of forty-five unable to read or write must attend popular schools which were opened by the government. In 1928 13,000 such schools were opened and attended by nearly 600,000 students. Since the inauguration of the law the number of citizens who have studied at those schools has reached the total of 6,200,000, of whom it is estimated 1,000,000 have already learned to read and write.[23]

Before the application of the literacy test the average illiteracy among Turkish emigrants to America was 37 per cent. The fact that such a small number of immigrants from a country where 90 per cent of the people were illiterate indicates that Turkey was losing a large number of educated, intelligent young men.

An analysis of the financial condition of Turkish immigrants reveals the striking fact that 51 per cent of them had less than $50 in money upon their arrival in the United States. Still more significant is the fact that the average amount of money possessed by each immigrant upon reaching Ellis Island was $46. During the period of greatest immigration from 1900 to 1914 the average amount of money possessed by each immigrant was only $27. These figures tend strongly to substantiate the conclusion that one of the chief motivating factors in the movement of emigrants to America was a desire to improve their economic condition.

Important from the standpoint of their assimilation in the economic life of the United States are the figures concerning the occupations of immigrants. The statistics show that 3 per cent were professional workers, 15 per cent skilled artisans, 50 per cent unskilled day laborers, while 32 per cent had no occupation. The latter group, of course, included children under fourteen years of age, some of the women and a few of the adults over forty-five years. Nevertheless, it is most significant that 82 per cent of the immigrants were unskilled day laborers or had no occupation at all. There is a close relation between the percentage of immigrants having $50 or less in their possession upon reaching America and the percentage of unskilled workers, the figure being 51 per cent in the first group compared to 50 per cent for the latter.

Figures showing the permanence of residence in the United States indicate that 14 per cent of the immigrants returned to their native country. Of that number 64 per cent were males between the ages of fourteen and forty-five who had resided in America ten years or less. These facts tend further to substantiate the conclusion that a desire to improve their economic condition played an important part in the causes back of the movement of peoples from Turkey to the United States.

Summary and Conclusions

In the remarkable movement of people from the Old World to the New, Turkey has poured its contribution amounting to 367,468 concentrated in the decade 1905 to 1915. The passing of the Ottoman Empire late in 1922, the recognition of the Republic of Turkey in 1923 and the inauguration of American restrictions which became effective July 1, 1924, which limit the number of immigrants annually admissible from Turkey to 226, marked the end of an era in this phase of Turkish-American relations.

There were three causes back of the movement of people from Turkey to the United States. First was the desire of emigrants to improve their economic condition; a second cause was their wish to escape from the political oppression of the Ottoman Government; and the third factor has been the artificial stimulation of steamship companies, money lenders and labor agents actuated by the profit motive. Emigration from European Turkey was caused chiefly by the political oppression of minority elements while both economic and political causes lay back of the emigration from Asiatic Turkey.

The fact that only 5 per cent of the emigrants were Turks while Greeks, Syrians and Armenians comprised 70 per cent of the total is noteworthy and sheds new light on the strong anti-Turkish sentiment in America.

Of the emigrants from Turkey to the United States 57 per cent were males between the ages of fourteen and forty-five years. Illiteracy averaged 31 per cent, yet the percentage was as high as 45 at one time. The average amount of money possessed on arrival in the United States was $46, while the average for the first fourteen years of this century was only $27. Statistics disclose the fact that 82 per cent of the immigrants were unskilled day laborers or had no occupation. Of the total number of immigrants 14 per cent returned to their native country and of that number 64 per cent were males between the ages of fourteen and forty-five who had resided in the United States ten years or less. These data tend strongly to substantiate the conclusion that economic causes were fundamental in the movement of peoples from Turkey to America.

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XVII

Losses and Gains to Turkey

Some General Effects of Migration

Labor is one of the primary factors of production. Ultimately the supply of labor in a country depends on the size and quality of the population. The number of people may be increased through an excess of births over deaths or through immigration. The number may be decreased through an excess of deaths over births or through emigration. The nationally desirable number of people according to one standard is that number which in relation to the natural resources of the country in a given state of the arts will yield the maximum per capita production. This so called optimum number of population varies with the conditions in different countries. In an agricultural country where primitive methods of production prevail as in Turkey the number is considerably smaller than in an industrial country where capitalistic methods are extensively used as in the United States. It is apparent therefore that a certain volume of emigration from Turkey to America might be beneficial to each country. If the emigrants are replaced as a result of an increase in birth rate or by immigrants from elsewhere there is only a temporary rather than a permanent advantage, however. The latter condition has been characteristic of Turkey to a certain extent. Many of the emigrants were non Moslems who have been replaced, especially after the Balkan and Greco-Turkish Wars, by Moslem immigrants from other nations. In the last big exchange of populations, however, Turkey lost many more people than were gained with the result that today the nation is under populated in relation to its natural resources. Since the first census ever taken in Turkey was held in 1927 there are no vital statistics for the years preceding. Consequently it is not known to what extent increasing births replaced the emigrants.

When peoples leave a country in large numbers there is a loss to the nation not only of productive power but also of the investment made in each individual. Fundamentally and from the national point of view there is no essential difference between labor and capital. Each has its cost of production and its period of productivity, each depreciates and finally wears out. In the case of capital it is considered nationally advantageous if the value of its production exceeds its cost. In the case of labor the same idea is expressed when it is said that the value of a man to society is measured by the difference between the volume of his production and the amount he consumes. What he consumes represents his cost. In the early years of life his consumption is not usually offset by any production. In the prime of manhood his production usually exceeds his consumption while in old age his consumption again may exceed the volume which he produces. As a result, if people emigrate in large numbers from the land of their birth the nation which has incurred their cost of production gets no return on its investment. What the one nation loses the nation receiving the labor power gains. This, of course, is partially offset since some of the immigrants may be dependents, some of them will send remittances back to their native country, while others may eventually return to their native land taking accumulated wealth with them.

Turkey's Losses Through Emigration to America

The obvious and immediate effect of emigration on Turkey was a decrease in available man power. In the first twenty-four years of this century more than 275,000 people left Turkey and took up a permanent residence in the United States. Of that number it is estimated that 170,000 were active laborers. As a result of that movement, some districts in Turkey were almost wholly depopulated.[1] In one section the peasants emigrated almost to a man and the province of Syria was threatened with an economic paralysis as the result of the wholesale migration.[2] Emigration was so extensive that a shortage of labor developed. In Anatolia the scarcity of labor retarded the development of mines.[3] In Armenia there were many villages in which there were no males other than young boys and old men. Consequently there was a serious scarcity of labor at harvest and threshing time. The labor shortage was so acute in Syria that customs house officials and shipping agents found it necessary to import porters from Egypt and elsewhere to handle the merchandise. In the same province the silk industry declined greatly owing to the scarcity of labor. In rural districts "great tracts of land have been left uncultivated" because of the steadily decreasing number of male workers.[4]

The reports of mission workers confirm the official reports of consular representatives and commercial agents. In 1886 when the migratory movement was just beginning attention was called in the Annual Report of the American Board to the fact that enterprising young men who had received sufficient education to enable them to realize the utter lack of hope for any improvement in the social and political condition of their country eagerly grasped the opportunity to flee to a more favored land. Later it was reported that the steadily increasing number of young men from eastern Turkey departing for America was one of the most discouraging signs of the time and in 1900 special emphasis was laid on the large migration of Christians to the United States. Whole families emigrated from that section of Turkey and the movement of Christians was so large as to retard the growth of churches. It was reported that the mission church as Bitlis, for example, had lost one-fourth of its membership through emigration.[5]

The fact that the migratory movement was so highly concentrated in certain regions caused an unusual situation. The loss of 170,000 workmen under any circumstances could not fail to have far reaching effects in a country like Turkey. When that loss was concentrated in a few districts it produced very serious results. In some cases it caused virtual under population with a resulting tendency toward decreasing production of wealth in those sections. That type of emigration was undesirable from the national viewpoint of Turkey.

In accordance with the law of supply and demand, the steadily decreasing supply of labor in certain portions of Turkey had the effect of causing a rise in the price of labor. In 1904 an American Consul asserted that because of heavy emigration to North and South America wages had risen as much as 40 to 50 per cent in some places in the preceding fifteen years.[6] Even with such an increase wages were still very low, an unskilled laborer receiving an average wage of only 25 cents a day. Consequently in spite of the increase in wages, which seemed very high in percentage terms, emigration to other lands where absolute wages were still higher steadily continued. In 1911 wages in affected districts were still rising, showing an approximate 33 per cent increase over the preceding two or three years. Carpenters and bricklayers who had received from 60 to 80 cents a day were being paid from $1.00 to $1.20 in Constantinople. Wages continued to rise up to the outbreak of the War.[7] Obviously there were other factors at work such as the Turco-Italian War, the Balkan Wars and a possible rise in the general level of prices, but the conclusion seems warranted that the heavy exodus of laborers from Turkey, of whom a large number went to the United States, operated as an important factor in the rise of wages in Turkey.

As a result of such a large number of workers departing from a country one might expect to find machine power replacing labor, especially as wages continued to rise. Observers at the time predicted a great increase in the use of capital in Turkey. As early as 1904 it was thought that the age of machinery was dawning. In 1913 the idea was advanced that, broadly regarded, emigration meant dearer labor and the consequent introduction of labor saving machinery.[8] But capital was even more scarce in Turkey than labor and even though the price of labor rose sharply the price of capital remained still higher. Consequently the age of machinery has not yet dawned in Turkey.

Not only were those who emigrated from Turkey the chief producers, but by virtue of that fact they also were the chief tax payers in certain districts. One result of their emigration was a decrease in governmental revenue. If such a process were carried far enough the depletion of government revenues would eventually affect the ability of government adequately to perform its recognized functions. In the case of Turkey, a weak, inefficient and corrupt government was faced with the prospect of becoming still weaker. In one province out of 18,000 tax payers 6,000, or one-third, had left the country by 1907.[9] Since 1869 the Ottoman Government had denied the right of a subject to expatriate himself without Imperial consent. In 1907 the alarming emigration of subjects led to an Imperial decree positively prohibiting their departure except on the deposit of a satisfactory guarantee to return. Instead of stopping the exodus, however, that decree simply resulted in wholesale illegal departures. Peasants desiring to escape from tyranny and poverty smuggled themselves out of the country by way of small sailing vessels to Greece from where they continued their voyage to the land of promise. The negative policy of the government scarcely affected the flow of emigration, although there was an increase in the number of emigrants in 1913 following the removal of restrictions.[10]

Turkey's Gains

From the Turkish national viewpoint when emigrants to the United States sent back wealth or claims to wealth to their relatives the effect was the same as though Turkey had exported commodities for which it was receiving payment. The national loss incurred on the departure of an emigrant might, through such remittances or the eventual return of the emigrant with an accumulated fund of wealth, be partially or wholly offset. It is even possible that Turkey would enjoy a net gain as a result of such emigration. An Ottoman laborer had a much greater productive power in the United States than he had in Turkey. Living on his customary standard of consumption, he was able to accumulate much more surplus wealth than he could possibly have produced in Turkey. Upon remitting a part or all of that surplus to dependents in his native land he thereby increased its well being more than if he had remained in that country.

Remittances of wealth by emigrants from Turkey played an important part in the economic life of that country. Those interior villages where all the males except boys and old men had left were entirely dependent on remittances received from America. Hundreds of families throughout Anatolia and Syria would have suffered great hardship and in some cases extreme privation had it not been for support received from the United States. When emigrants were unable to remit early in the War period there was considerable hardship in those dependent villages.[11] Emigration from the province of Harput was particularly heavy as compared with that from the neighboring provinces of Bitlis, Erzerum and Van. All four provinces were very similar economically, yet as a result of emigrants' remittances the inhabitants of Harput were relatively wealthy compared with the inhabitants of the other three provinces.[12]

It is impossible to secure even an estimate of the total volume of emigrants' remittances from the United States to Turkey in previous years. The American Consul at Harput in 1904 estimated that the value of remittances to that one province for that year amounted to $360,000. By 1912 the figure had risen to $600,000 and in 1915 Harput bankers placed the figure at $1,000,000.[13] Attempts are now being made to estimate the invisible items in Turkey's foreign trade and the figure given for emigrants' remittances in 1929 was $1,000,000. Before the exchange of populations took place the figure must have been considerably larger in view of the fact that 95 per cent of the emigrants from Turkey were non Moslems whose dependents and relatives have almost all left the country since that time. During the height of the movement to America the annual value of remittances to Turkey must have amounted to several millions of dollars. As a result of that condition some sections of Turkey benefitted through the migratory movement, but from the national long run point of view that gain has certainly been partially offset by the retarded economic development of the nation—a condition to which the shortage of man power has largely contributed.

The economic effect of an emigrant returning to his native land with a fund of accumulated wealth is essentially the same as in the case of remittances. In the case of the 46,000 emigrants known to have returned to Turkey from 1908 to 1924, a large portion had spent their productive years in a country where they were able to produce more wealth and therefore save more than would have been possible in their native land. Upon accumulating a few thousand dollars they returned to the land of their origin where they purchased small shops or plots of land and settled down to live on their savings or the income from their savings.[14]

The return of emigrants may also have had certain other far reaching effects. During their residence in the United States they gained new ideas, new methods of work, a desire for more education and in some cases a desire to help in improving the economic condition of their native land. While it is impossible to measure such effects, their importance might easily be more far reaching in the national life of Turkey today than the purely economic effects.

American Gains and Losses Through Ottoman Immigration

A primary effect on the United States of immigration from Turkey was a steady increase in the size of the population and of the potential labor supply. In the first twenty-four years of the twentieth century 276,810 persons left Turkey and took up permanent residence in the United States. Of that number 68 per cent were laborers. Since it is very likely that some of the women and children also were employed upon their arrival in America the estimate of 68 per cent is low. Accepting that figure as correct, however, the emigration from Turkey constituted a gross addition of 220,000 laborers to the total supply. But a deduction must be made for laborers departed. No figures are available for the entire period but the average annual departures for the sixteen years for which figures are given total 2,911. On that basis it may be estimated that the total departures of Turkish immigrants were 70,000. Of that number 89 per cent were males and 81 per cent were between the ages of fourteen and forty-five years. Assuming that that group constituted the laboring element, approximately 72 per cent, or 50,000, were laborers. The total net addition to the labor supply of the United States throughout the modern period as a result of immigration from Turkey was therefore approximately 170,000.

The gross total of Ottoman immigration constituted on the average slightly less than 2 per cent of the total immigration into the United States. Although only a small part of the total, Ottoman immigration undoubtedly contributed to the following general effects of immigration on the United States. In the nineteenth century there were vast tracts of unused land in America and industries awaiting a supply of labor for development. In relation to the natural resources the country was under populated and the influx of peoples from abroad was favorably regarded. Owing to the excess of natural resources in relation to the labor supply the volume of physical production increased throughout most of that century. About 1895, however, a turning point was reached. Since that time there has been a rapidly growing tendency toward an excess of labor supply in relation to natural resources. Carried far enough a steadily increasing population would eventually result in decreasing returns in production and retard the tendency toward rising wages of labor. As the possibility of such a situation became increasingly imminent a strong sentiment in favor of restricting the annual influx of immigrants culminated in the Act of May 19, 1921, which limited the annual immigration from each foreign country to 3 per cent of the number in the United States according to the census of 1910. On that basis the annual number admissible from Turkey was placed at 656 for 1922, based on the territorial limits of Turkey as defined in the Treaty of Sèvres.[15] Following the Nationalist Revolution the territorial limits of Turkey were enlarged and the annual quota consequently raised to 2,388.[16] The Act of 1921 was temporary in nature. In succeeding years the sentiment in favor of still more severe restrictions led to the adoption of the Act of 1924 which reduced the number of those annually admissible to 2 per cent of the number resident in America in 1890. The quota for Turkey under that law was first placed at 100 but finally raised to 226 which is the number now admissible each year.[17] When the provisions of the 1924 law were published the daily *Akşam* in Constantinople humorously remarked that "admission to America is now more difficult than admission to paradise."[18]

From the national viewpoint the influx of 170,000 workmen from Turkey represented imports for which no direct immediate payment was made. Some payment was made specifically in the form of maintaining immigrants' dependents in the United States as well as through remittances and departures of immigrants taking accumulated wealth with them. The last two items would tend to have the effect of increasing American exports either to Turkey or to a third country.

Important from the standpoint of their assimilation into the economic life of the nation are the statistics showing the destination of immigrants. Most of them settled in New York State, the percentage of the total amounting to 29, while 20 per cent took up their residence in Massachusetts and 9 per cent adopted Pennsylvania as a home. The important observation is that at least 60 per cent of the immigrants from Turkey settled in the already thickly populated industrial centers on the Atlantic seaboard. In addition to contributing to the ever increasing supply of cheap unskilled labor in those manufacturing centers, it resulted in social problems of congestion as well as political problems. One writer pointed out that many of the immigrants had been farmers in their native land. To the extent that they were absorbed in other industries the United States thereby failed to gain the full benefit of their skill.[19] In view of the fact that 82 per cent of the immigrants from Turkey were unskilled day laborers or had no occupation at all it is unlikely that any very great loss was incurred.

As a minor effect of immigrants returning to their native land may be mentioned the possible increase in American exports to Turkey. As a result of their residence in the United States they were certain to have acquired new ideas and new desires which upon their return might lead to an increasing demand for American products, provided that demand could not be met in Turkey. While such an effect may have operated in the past, it can be of no importance at the present time when it is recalled that only 5 per cent of the total number of immigrants were Moslems while the population of Turkey today is 99 per cent Moslem.

The Present and the Future

Two sets of influences have operated to remove emigration from Turkey to the United States as a factor in Turkish-American relations. The first and most specific is the restriction now placed on the number of persons who may enter the United States each year. The second is found in the passing of the old Ottoman régime which was responsible for the political tyranny and to a large extent for the economic poverty from which emigrants fled in the past. Consequently the two most powerful stimuli have been removed. The Government of Turkey today is an enlightened government. There is no longer any political tyranny such as characterized earlier years. The foreign policy of the government is peaceful. The dominant interest of the national leaders today is in the improvement of the economic welfare of the entire nation. In place of war Turkey today is engaged in a determined struggle to improve its economic welfare. In the words of one of the Deputies of the Grand National Assembly,

> the principal end, and it should be the first of a democratic government, is to protect the peasant class which is the most important element of our country, and to take the measures destined to assure its well being and its development.[20]

In accordance with that policy the Government of Turkey has achieved and continues to achieve remarkable results in its efforts to improve the material well being of its people. Finally the fact that Moslems have never emigrated in large numbers and that according to the 1927 census 99 per cent of the population is Moslem indicates that there would probably be no important emigration from Turkey to the United States even if there were no positive restrictions.

Summary and Conclusions

From 1900 to 1924 Turkey lost 170,000 able bodied workmen. In addition to the loss of man power, it lost the national investment represented in that large group. The exodus of people was so largely concentrated that some regions were under populated in relation to their resources and the production of wealth reduced. While wages did increase slightly the rise was insufficient to cause a resort to capital. Consequently the machine age has not yet dawned in Turkey. It is possible that remittances of wealth by emigrants added to the wealth taken back by those returned was sufficient to offset the original national loss. But the undeveloped condition of Turkey today may perhaps be attributed to a large extent to a shortage of man power as much as to a lack of capital. Moreover, a predominant element in the emigrant class was the young, intelligent and progressive men of the country.

From the American viewpoint the immigration of laborers from Turkey was desirable in early years since it tended to increase the supply of productive labor. A turning point was reached about 1895, however, after which the steadily increasing supply of labor was not so welcome. That sentiment increased in strength and culminated in the restrictive Act of 1924 which limits the number of those annually admissible from Turkey to 226. It is an open question whether from the larger social viewpoint the supposed advantages of the steady immigration in the twentieth century of such persons as those from Turkey was not offset or even overbalanced by the disadvantages. The possible gain in increased production which might have immediately accrued tended to be offset by certain political and social problems of serious importance.

The present status and future prospects of emigration from

Turkey to the United States have been entirely changed. The explanation for the changed condition is twofold. On the one hand, the American Government has definitely restricted the number of Turks who may enter the United States each year. On the other hand, political revolution in Turkey has removed political tyranny which was an important cause for emigration in former days. Moreover, the new government is achieving considerable success in its determined efforts to improve the economic well being of the masses of people. As a result of these changes emigration from Turkey to the United States has practically been removed as a factor in the relations of the two countries.

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XVIII

Ottoman or American?

THE capitulatory régime in Turkey and the American doctrine of protecting naturalized citizens upon return to their native land created a situation whereby Ottoman Armenians and Syrians could go to the United States, acquire wealth and citizenship, return to Turkey and live in their native land exempt from all Ottoman laws. It was possible therefore to escape from tyranny and poverty and still live in their home land by the simple expedient of a voyage to America. In the first twenty-four years of the twentieth century it is estimated that 70,000 emigrants returned and questions regarding their rights have caused endless controversy between the Ottoman and American Governments.

Ottoman-American Conflict Over the Right of Expatriation

The United States Government has always recognized the right of expatriation. The maintenance of that right was one of the main issues over which the War of 1812 was fought.[1] The American interpretation of that right permitted the granting of full citizenship to any alien satisfying the naturalization laws of the country. On July 27, 1868, the Congress of the United States enacted the American principle into the following law.

> Whereas the right of expatriation is a natural and inherent right of all people indispensable to the enjoyment of the rights of life, liberty, and the pursuit of happiness; and whereas in the recognition of this principle this Government has freely received immigrants from all nations and invested them with the rights of citizenship; and whereas it is claimed that such American citizens, with their descendants, are subjects of foreign states, owing allegiance to the Governments thereof; and whereas it is necessary to the maintenance of public peace that this claim of foreign allegiance should be promptly and finally disavowed: Therefore any declaration, instruction, opinion, order or decision of any officer of the United States which denies, restricts, impairs, or questions the right of expatriation is declared inconsistent with the fundamental principles of the Republic.[2]

In accordance with the principle stated in that law the United States Government has invested thousands of immigrants from Turkey with the rights of American citizenship. The government carried its doctrine still further, however, by asserting its right to protect its naturalized citizens upon return to their native land.

Owing to the capitulatory régime in Turkey a peculiar system had developed which enabled many Ottomans to place themselves under the protection of foreign diplomatic officials and thereby escape Ottoman jurisdiction. Under that system many Ottomans who were not in the service of a foreign Consulate were accepted at *proteges.* That practice was gradually extended so that a *protege's* family was granted protection and eventually such rights were inherited. The practice became so widespread that finally in some places the number of *proteges* exceeded the number of Turks. In order to correct that situation the Ottoman Government passed a law in 1860 requiring all *proteges* to leave the Empire within three months with the provision that if they remained they became subject to Ottoman law. Admitting the justice of the Ottoman law, the various diplomatic missions recognized it as "*Regulations in Regard to Foreign Consulates*" of 1863. Those *Regulations* laid down the general rule that no subject could be withdrawn from Ottoman jurisdiction by a "trust, employment or service which he may hold from a foreign subject."

While the *Regulations* of 1863 ended the abuse of the *protege* system, they gave rise to a new method of evasion of Ottoman jurisdiction. Former *proteges* in large numbers became naturalized citizens of another country in order to place themselves under the protection of capitulations. Within a few years the number of "naturalized" persons in the Empire exceeded the number of real foreigners. That abuse was met by the Ottoman law of 1869 which denied the right of expatriation except in those rare cases where Imperial consent was given. Article V of that law provided that:

> The Ottoman subject who has acquired a foreign nationality with the authorization of the Imperial Government is considered and treated as a foreign subject. If, on the contrary, he has naturalized himself as a foreigner without the preliminary authorization of the Imperial Government

> his naturalization will be considered as null and void, and he will continue to be considered and treated in all respects as an Ottoman subject. No Ottoman subject can in any case acquire foreign naturalization until after obtaining an act of authorization delivered by virtue of an Imperial *iradé.*[3]

Thus, within a year the American and Ottoman Governments enacted into law their fundamentally opposed principles of the right of expatriation. The American law was based on the doctrine of *Jus Soli* while the Ottoman law was based on the doctrine of *Jus Sanguinis.* In view of the widespread abuse which had grown up in the Empire the Ottoman law was justified. It was held by the Minister of Foreign Affairs that the majority of cases in which a question was raised as to naturalization involved persons who had left the Empire to escape debts, to evade criminal process or without governmental permission. It was asserted that any Ottoman subject could readily receive permission to emigrate provided he had a clear record.[4]

In the case of normal *bona fide* emigration from Turkey to the United States no problem would have resulted, even though the laws of the two countries on citizenship were fundamentally opposed. But practically every Turkish immigrant into the United States who became a naturalized American citizen had left Turkey without Imperial consent.[5] Since the American law recognized each individual's right to expatriate himself without any restrictions, none of the immigrants experienced any difficulty in obtaining citizenship. Even in those cases, however, there would have been no problem had such naturalized citizens remained in the United States. The difficulty arose when they returned to Turkey where they were immediately claimed as Ottoman subjects. They were held for military duty, for the payment of taxes and for all obligations of a subject to his sovereign on the ground that their naturalization was null and void as being in violation of the law of 1869. On the other hand, the American Government not only claimed but secured protection for them as American citizens. As such they were entitled to all capitulatory privileges. In some cases American authorities granted protection to individuals who had gone no farther in the naturalization process than to obtain their first papers.

The Ottoman Government contended that those subjects went to the United States for no other purpose than to obtain American citizenship and remained just long enough to secure naturalization papers. They then returned to Turkey to live, claiming all the rights of American citizenship for their descendants as well as for themselves. In some cases emigrants remained in America just long enough to obtain their first papers. Even they then returned to Turkey posing as American citizens and demanding the protection of their adopted government. In many cases such individuals concealed their alleged American citizenship on their return, posing as Ottoman subjects until they became involved with governmental authorities whereupon they claimed American citizenship and appealed to the American Minister or Consul for protection. The situation was complicated by the fact that some of the returned emigrants acted as agents in fomenting revolutionary activity.[6]

The Ottoman contention was by no means based on fiction. In 1898 the Commissioner-General of Immigration reported that in a number of instances international questions has been precipitated by the arrest of persons abroad who claimed the protection of the American Government because they had resided a short time in the United States and had perhaps taken out first papers declaring their intention to become citizens. American missionaries in Syria asserted that the emigration of Syrians was a curse to that portion of the Empire. Upon returning to their native land such emigrants posed as Ottoman subjects until their actions involved them in difficulty with Ottoman authorities whereupon they loudly proclaimed American citizenship and demanded full protection. A special investigator for the American Government reported that such persons never intended to return to the United States. They were not American citizens in any sense of the word. Many of them owned property in Turkey for which they paid no taxes. Whenever they had some selfish or mercenary reason for demanding American protection they literally wrapped themselves in the American flag and defied the Ottoman Government.[7]

The seriousness of the situation called forth an allusion to it in President Cleveland's annual message to Congress in 1893. "Turkey complains that her Armenian subjects obtain citizenship in this country," said the President, "not to identify themselves in good faith with our people but with the intention of returning to the land of their birth and there engaging in sedition. This complaint is not wholly without foundation." The President added that a journal published in New York in the Armenian language openly counselled its readers to arm, organize and participate in movements for the subversion of Ottoman authority in the eastern provinces of Asia Minor. As a result of that situation the Ottoman Government announced its intention to expel from its dominions all Armenians who had obtained their naturalization in the United States since 1869. The President then added that:

> The right to exclude any or all classes of aliens is an attribute of sovereignty. It is a right asserted and, to a limited extent, enforced by the United States, with the sanction of our highest court. There being no naturalization treaty between the United States and Turkey, our Minister at Constantinople has been instructed that, while recognizing the right of that Government to enforce its declared policy against naturalized Armenians he is expected to protect them from unnecessary harshness of treatment.[8]

Upon being informed of the Presidential message, Sultan Abdul Hamid was highly gratified and cabled to the President that his message which was in conformity with justice had met with the high satisfaction of His Imperial Majesty.[9] The pronouncement by the President caused consternation among the Armenian Americans and appeals for a change of policy were addressed to the Department of State. When the contents of the Sultan's message became known the Armenians pointed to it as proof of the fact that the United States had played into the hands of the Ottoman sovereign.[10]

The Ottoman Government repeatedly sought to get the Government of the United States to refrain from affording legal protection to its naturalized citizens in Turkey. In 1892 an Imperial edict was issued calling attention to the Ottoman law of 1869 and requesting the American legation to notify its consuls and agents to refuse protection to persons who had obtained naturalization without Imperial consent. Minister Hirsch replied that any one having satisfied the naturalization requirements of the United States thereby became a citizen. As such he was entitled to an American passport and the United States

Government expected every such passport to be honored. Again in 1898 the issue was raised. Secretary Hay replied that American naturalization is prescribed by law and the laws of the country do not and cannot require aliens to prove that they had the permission of their former sovereign to change their nationality.[11]

The American practice was at variance with that of the leading European countries. Recognizing the abuse of naturalization which followed the *Regulations* of 1863, the European powers were in sympathy with the Ottoman law of 1869. As a result, all of the governments had special regulations concerning the protection of naturalized citizens or subjects of Ottoman origin who returned to their native land. The Governments of Germany and Italy followed the general practice of naturalizing aliens and protecting them in third countries but not in Turkey. England and Russia followed the practice of writing on each passport that protection would be accorded in all countries except that of origin if the naturalized subject had left without Imperial consent. The French Government refused to naturalize any Ottoman without Imperial consent and even then refused to protect him if he returned to Turkey. The practice of the Austrian Government was to refuse naturalization to an Ottoman who owned property in Turkey. Non-property owners might secure naturalization and were assured of protection in all countries except Turkey. The Governments of Belgium and Holland refused to naturalize without Imperial consent.[12]

In 1892 the Ottoman Government reached the decision to authorize persons to leave upon promising never to return or if they did return to do so as Ottoman subjects. Many individuals left under that condition but subsequently returned, claiming American citizenship and protection. Their claims were recognized by the Government of the United States which held that the condition under which they had been permitted to leave was invalid.[13]

In the course of the dispute between the two Governments many individual cases arose. In some of them the just rights of American citizens were violated while in other cases unjustifiable claims were supported. Typical of the first class of cases was that of J. J. Arakelyan. That individual was a naturalized citizen resident in the United States. Since he had left Turkey without Imperial consent the government of that country ignored his American citizenship and continued to levy taxes on him as a Turkish citizen. The taxes were not paid, of course, consequently his relatives in Turkey were taxed a higher rate to make up for the taxes which Mr. Arakelyan failed to pay. The American Government held that such a tax was internationally void and instructed its Minister to request the return of the taxes paid by Arakelyan's relatives and to demand that no further taxes be imposed on his account. The Ottoman Government replied that on the presentation of ample proof Arakelyan's name would be stricken from the records but that no restitution of money could be made. The case was closed by Ottoman authorities with the ironic statement that "we will forgive him for the future and he must forgive the Turkish Government for the past!"[14]

The case of Melcoun Guedjian is typical of the second type. Naturalized in Boston on December 28, 1894, Mr. Guedjian was issued an American passport during the first week in January, 1895. A short time later he was arrested by Ottoman authorities in Aleppo. At the time of his arrest he was supplied with £T800 and a number of compromising papers were found on his person. As a member of the Huntchaguist secret revolutionary society he had landed clandestinely in the interior. In the course of his activities he was robbed and upon filing complaint with the authorities asserted that he was an English subject. Later, when it developed that he was a naturalized American, the United States Consul was denied access to the prisoner and was even denied permission to examine his passport. In an amazingly short time the prisoner was convicted by a Turkish court and sentenced to 101 years in prison. No notice of the trial had been given to the United States Consul, consequently no dragoman had been present. Although Guedjian did not deserve the aid of the American Government, when the United States Minister learned that he was legally entitled to it the case was prosecuted for the sake of precedent. The American Government asserted that under its statutes Consuls possessed exterritorial jurisdiction over citizens accused of insurrection or rebellion against Turkey. Holding that the trial of Mr. Guedjian had been illegal, its annulment was demanded. It was further demanded that the prisoner be transferred to Cônstantinople where the American Minister insisted upon trying him. In response to the American demands the Grand Vizier issued repeated orders to the Governor of Aleppo to deliver Guedjian to Constantinople. When a month had passed and no action had resulted the United States Minister repeated his demands and intimated that failure to comply with them would lead him to demand his passports. Immediate action followed. Guedjian was removed to Constantinople and the offending Governor of Aleppo was removed from office.[15]

Failure of Treaty Negotiations

Shortly after the passage of the American law of 1868 and the Ottoman law of 1869 efforts were made to harmonize existing differences by treaty. Negotiations resulted in the conclusion of a treaty which was signed August 11, 1874. That convention provided that a naturalized citizen returning to his native land and residing there more than two years was liable to lose his acquired citizenship unless the reason for his prolonged stay was included in an accompanying list of justifiable exceptions.[16] In approving the treaty the Senate of the United States amended it to read "may" in place of "shall" in the phrase "the intention not to return shall be considered established when the person naturalized in one of the two States shall have resided more than two years on the territory of the other." With that amendment the treaty was approved by the Senate and ratified by the President, ratifications being exchanged at Constantinople April 22, 1875. But the protocol of exchange was accompanied by a Turkish memorandum to the effect that each government should have the right to regard its former nationals as having renounced their acquired nationality after two years' residence in the country of their origin. Since that provision voided the Senate amendment the Secretary of State viewed the exchange of ratifications as invalid and the treaty was not proclaimed.[17]

On November 28, 1885, Minister Cox was instructed to propose a renewal of negotiations on the basis of the unratified treaty of 1874 and the naturalization treaties which had been concluded by England and Austria with the Ottoman Government. Conversations were begun but by December, 1886, had failed to achieve any results. Finally on May 18, 1889, Minister

Straus reported that after long negotiations the Ottoman Government had finally consented to the treaty of naturalization proposed by his Government, " with the purpose and object of avoiding the discussions and complications arising from disputed nationality." The Sultan had issued an *iradé* accepting the treaty of 1874 as amended. But fourteen years having passed since the negotiation of the convention, the President sent it back to the Senate for reapproval. That body again advised ratification, " but only on the distinct understanding to be had between the two Governments that Article II of the convention, as amended by the Senate, shall not be construed to apply to persons already naturalized in either country." The Ottoman Council of Ministers approved the treaty as presented and it was sent to the Sultan in April, 1890, whose approval was regarded as a matter of formality. The Ottoman sovereign objected, however, to the ambiguity concerning the " distinct understanding " and insisted upon reaching the " understanding " before ratification. The only recourse was to return the treaty once more to the Senate. That action was not taken, however, and the new convention never became effective.[18]

A third attempt to secure approval of the draft treaty was made in 1899. Turkey was as firm as the United States, however, in adhering to its principle. The Grand Vizier told Minister Straus that " if war is ever made on us for this we could not help it, and would defend as best we could." In the course of an audience with Sultan Abdul Hamid on September 22, 1899, the Ottoman sovereign informed Minister Straus that he would never consent to the draft treaty of naturalization for it " would give the Armenians who were plotting against him protection on their return " to Turkey. He added that he had no objections to Armenians going to America, in fact, he asserted that he would gladly pay their passage on the condition that they would promise never to return. He concluded by informing the American Minister that he regarded their going to America and returning to Turkey claiming American protection as a fraud on his country and if any of his Ministers were weak enough to yield on that point he would dismiss all of them.[19]

Following the final rejection of the draft treaty in 1899 the United States Government adopted a new policy in 1900 in dealing with its naturalized citizens of Ottoman origin who returned to Turkey. Many such citizens were under the impression that an American passport granted them exemption from Ottoman military laws and the law of expatriation. In order to make it clear that such was not the case the State Department attached a sheet of information to each passport informing the prospective voyager that the Ottoman Government denied the right of a subject to become a citizen of any other country without permission. In such cases naturalization was regarded by Turkey as void and he was forbidden to return to that country. The information added that the consent of the Imperial Government to naturalization of a former Turk was given only on condition that the applicant should agree either never to return or, returning to regard himself as a Turkish subject. Consequently if a naturalized American citizen of Ottoman origin returned to Turkey he might expect arrest and imprisonment or expulsion.[20]

The second step in the new regulations resulted in the establishment of a routine procedure for the handling of numerous cases of naturalized Ottomans seeking to secure release from the military tax imposed by their former government. Each applicant was informed that he must secure the Sultan's approval of his expatriation, an approval which was rarely given.[21]

The most far reaching step, embodying the essential features of the draft treaty of 1874, was taken in 1907 when all American citizens formerly Turkish subjects were advised that if they returned to Turkey and resided there for a period of two years they would be presumed to have forfeited their American citizenship unless the reason for their prolonged stay was included under the list of justifiable exceptions. In the case of a naturalized citizen not formerly a Turkish subject the period of time was extended to five years. Persons excepted from the regulation included those detained by some unforeseen or uncontrolable circumstance; persons residing abroad for health or education; or as a regularly appointed representative of a recognized American educational, scientific, philanthropic or religious organization; or as a *bona fide* representative of American trade or commerce. The object of the act was to secure

> The protection of American citizens from imposition and fraud by people of alien birth who have obtained naturalization without intention to incorporate themselves

> into American society, but with the manifest purpose of making their domicile outside of the United States and of using their naturalization merely as a means of obtaining the protection of this Government while they perform none of a citizen's duties toward it.[22]

That action, of course, evoked protests from certain naturalized citizens who were affected but the State Department reiterated the purpose of the Act and pointed out that any one who desired to retain his citizenship could do so by fulfilling certain requirements. As a result of the change in policy the United States Government partially eliminated one of the most fertile sources of dispute with the Ottoman Government and at the same time brought to an end that means of abusing American citizenship.

Present and Future

The official abrogation of the capitulations in 1923 completely altered the situation with reference to the dispute concerning naturalized Americans. It was under the capitulatory régime that the fraud and abuses of naturalized citizens had developed. Moreover, the subsequent exchange of minority populations has practically removed from Turkey the element which caused the greatest difficulty in former years. In view of the new conditions it was hoped that an agreement could be reached but all expectations that the new government would alter its viewpoint were dispelled.

In negotiating the draft treaty of 1923 persistent efforts were made to reach an agreement. An article regarding the question of naturalization was proposed by the American Delegation. The proposed article provided the mutual recognition of the right of voluntary expatriation. It was stipulated that naturalized citizens returning to the land of their origin should not be punishable for the original act of emigration. The recurrent problem of a naturalized citizen who returned to the land of his origin to take up a permanent residence was met by the provision that such a person who had no intention of returning to his adopted country should be held to have renounced his acquired nationality after a residence of two years in the country of his origin. The Turkish Delegation was prepared to recognize the naturalization of Turkish nationals in the United

States subject to an express reservation of the right to exclude from Turkey any or all persons whose naturalization might be thus recognized. The American Delegation declined to accept that reservation and it was agreed to omit the question of naturalization from the treaty.

In the meeting of August 6, 1923, immediately preceding the signature of the treaty, Mr. Grew recalled that in consenting to omit the article relative to naturalization the American Delegation had expressed the earnest hope of its Government that negotiations for the conclusion of a separate convention would be undertaken at an early date. Ismet Paşa replied that his Government had not changed its point of view with reference to regulations in force in Turkey relative to the conditions and consequences of the naturalization of Turkish nationals. With that reservation, however, he expressed his readiness to recommend to his Government the commencement of negotiations looking toward the conclusion of a treaty. Later the American Government decided to make no attempt to open negotiations for a naturalization treaty until a more opportune occasion arose.[23] Following that decision the draft treaty was rejected in 1927, one reason for its rejection being the failure to include a satisfactory article on the question of naturalization. Following the failure of that convention other problems assumed paramount importance, as a result of which a final solution of the naturalization problem has been thrown into the uncertain future.

The possibility of ultimately reaching a satisfactory settlement has been complicated by the Turkish law on nationality of May 28, 1928, which reiterates the former Ottoman position with reference to citizenship. Not only does that law provide that any one wishing to expatriate himself must have permission of the Council of Ministers but it also provided that every child born in Turkey was regarded as a Turkish citizen without qualification. Strong opposition abroad led to the passage of an amendment to Article IV on April 9, 1929, which amended that provision by permitting a child born in Turkey of foreign parents to choose his nationality upon reaching majority.[24] In view of these developments the prospect of a solution of the sixty-two year old problem seems to be no nearer than it was in 1870. The problem has been greatly clarified, however, by the

American acts of 1901, 1906 and 1907 on the one hand and by the fundamentally altered conditions in Turkey on the other hand.

Summary and Conclusions

The régime of capitulations in Turkey and the American doctrine of protecting naturalized citizens upon return to their native land created a situation whereby Ottoman Armenians and Syrians could emigrate to the United States, even in violation of Ottoman law, acquire wealth and citizenship and return to Turkey to live exempt from all Ottoman laws. It was possible, therefore, to escape from tyranny and poverty and still live in the land of one's birth by the simple expedient of a voyage to the United States.

That situation led to the abuse of Amercian citizenship and fraud in obtaining it whereby Ottoman authority was flouted, yet Ottoman requests to the United States Government to alter its practice in conformity with that of European Governments drew the response that American statutes permitted the naturalization of all aliens who met the requirements of the American naturalization law. In practice some individuals were protected who were not full fledged naturalized citizens, but had merely secured first or second papers. In seeking to maintain its principle the United States Government afforded protection to all naturalized citizens who returned to the land of their origin. In many cases such protection was not merited and the government was engaged in ceaseless controversy with Ottoman authorities.

Efforts to harmonize conflicting viewpoints by negotiation of a treaty failed. The United States Government then adopted a set of regulations based on the draft treaty of 1874 which brought an end to the abuse of citizenship rights and privileges by naturalized citizens. Efforts to settle the issue in 1923 also failed in spite of the fact that the capitulations had been abolished and the problem of Armenian and Syrian expatriates removed. In fact, the Government of the Republic passed a law on nationality in 1928 incorporating the essential provisions of the law of 1869 and going still further in declaring that all children born in Turkey are Turks without exception.

The experience of the past and the complications of the present, arising out of recent legislation and policies, indicate that the question of nationality can never be settled without the granting of concessions by both governments. In past years the United States Government refused to adopt the practice of other countries and thereby rendered a solution impossible. In view of the manifest abuses and fraud arising out of the peculiar situation in Turkey the United States Government could have acquiesced in European practice without violating its principle of citizenship.

The present situation is entirely altered, however, and seems favorable for the conclusion of an agreement which will harmonize existing differences in national policies along the following lines. A treaty should now be concluded recognizing the citizenship of all *bona fide* naturalized persons and permission granted for their temporary return to their land of origin. The Turkish Government should not object to such a concession for the possibility of an influx of such naturalized citizens under present conditions is extremely remote. Emigration statistics have shown that formerly 95 per cent of the emigrants from Turkey to the United States were members of the minority groups. There are four reasons why such of those as obtained American citizenship will not return to Turkey in large numbers even if such a treaty provision as suggested were approved. The days of Empire when foreigners, real or artificial, enjoyed special privileges under the capitulations are no more. The exchange of minority populations has to a large extent transferred the relatives of such emigrants elsewhere, and the new governmental policy envisages a Turkey for the Turks alone. The final and convincing reason is that the proposed provision permits only a temporary sojourn. If a returned emigrant should wish to remain in Turkey he would, like others of the minority groups who remained, become a Turkish citizen.

On the other hand, the United States Government, while adhering to its right to naturalize any one satisfying its laws, should agree to hold such naturalization in abeyance without exception if the citizens so naturalized are of Turkish origin and later return to Turkey permanently, the intent of permanence to be based on a continuous residence of two years. Such a concession would not in practice violate the American principle. It is only a step in advance of the procedure adopted in 1907. With the present and probable future small emigration from

Turkey to the United States the number of naturalized citizens returning to the land of their origin in the future will be negligible. The improbability that former emigrants will create a problem by returning in large numbers has already been shown and is further fortified by the provision that if they were to remain indefinitely they would lose their acquired citizenship.

With such concessions on the part of both governments a satisfactory solution of a long standing problem should readily be achieved.

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PART VI

SUMMARY AND CONCLUSIONS

XIX

The Past, The Present, and The Future

Economic Basis of International Relations

The accumulated evidence in the preceding chapters leads to the conclusion that economic considerations lie at the base of international relations. Contacts between nation and nation originate through commerce, through capital investment, and through the migration of people. These are essentially economic questions and political aspects have their source in such relations. Turkish-American commerce antedated Turkish-American political relations by nearly half a century and subsequently gave birth to such political questions as the negotiation of treaties, the matter of tariffs, and disputes with governmentally supported European competitors. When economic advantages first lured American capitalists to Turkey in 1908 political necessity seemed to demand government support and the question of American imperialism in the Near East had its origin. Finally, though to a somewhat less extent, economic considerations led Ottomans to emigrate to the United States, causing new political problems in the form of restricting laws and questions of citizenship.

Commercial Relations

Turkish-American commerce began as early as 1785. Since there was no commercial treaty American merchants traded under the sanction of the English Levant Company until 1811. In that year through a special arrangement American commerce was placed on the same footing as that of France. That agreement continued until 1830 when a Turco-American treaty was concluded.

One hundred years ago the chief imports from Turkey were opium, fruits, nuts, silver, unmanufactured wool, hides, and skins, while the leading articles of export were cotton manufactures and rum.

Following the negotiation of a new treaty of commerce and navigation in 1862 the total volume of trade grew steadily.

American exports to Turkey increased in volume until 1886, after which there was a precipitous decline. A summary view of developments in the import trade from 1860 to 1900 reveals licorice root and rugs as important items for the first time while fruits, nuts, wool, opium, hides, and skins gradually became more important. The real significance of the export statistics lies in the appearance of manufactured goods in the competitive markets of Turkey late in the nineteenth century.

In 1876 Turkey ranked among the ten leading nations of the world in foreign trade. In that year the United States was Turkey's third best customer but ranked sixth in its import trade. By 1892 America had dropped to tenth place as an importer of Turkish merchandise and had fallen to thirteenth place as an exporter to Turkey. In an effort to overcome that condition, the dawn of the twentieth century witnessed the inauguration of a policy of dollar diplomacy in Turkey. The new policy was partially successful during the first fourteen years of the century, but further development was stopped by the War.

In the postwar period there was a remarkable boom in Turkish-American trade, the value of the commerce in 1920 exceeding all previous records. But the situation was abnormal and was followed by a sharp decline beginning in 1923. Figures for 1927 and 1928, however, may be regarded as normal. It is noteworthy that the trade with modern Turkey in the latter two years was practically as great as it ever was in the days of the extensive Ottoman Empire.

The fact that with rare exceptions the volume of American imports from Turkey has annually exceeded the volume of exports to that country stands as a striking contrast to the total balance of American foreign trade.

There were no important changes in the twentieth century compared to the nineteenth century in the nature of American imports from Turkey. Tobacco, fruits, nuts, and rugs continued as the most important items and constituted 70 per cent of the total imports. The nature of American exports, however, changed greatly, the trend pointing to the United States as a leader in automotive exports and as a growing competitor of European nations in selling machinery and manufactured goods.

While the absolute volume of Turkish-American trade expanded in the twentieth century, the relative importance to each country remained small. On the average only .5 per cent of American imports came from Turkey while only .15 per cent of United States exports found their way into Turkish markets. Similar figures for Turkey show that 20 per cent of Turkey's exports entered American markets, but only 3.6 per cent of Turkey's imports originated in the United States.

In the postwar readjustments which have taken place America has assumed second place as a buyer of Turkish goods compared with other countries. While it ranks only seventh as an exporter to the new Republic the probabilities are that the volume of that trade will increase. The evidence indicates that the United States has assumed a permanent place among the leading nations of the world in its commerce with modern Turkey.

A study of the economic basis of Turkish-American trade discloses that Turkey is primarily an agricultural country and that its future economic prosperity lies in the soil. As a consequence the country's export trade consists chiefly of agricultural products. In 1928 95 per cent of the exports consisted of agricultural and animal products, while 83 per cent of the total imports consisted of manufactured goods. A survey of Turkish geography reveals three important producing zones, and geographic factors largely explain the leading exports.

In 1928 in its trade with the United States 64 per cent of Turkey's exports were raw materials and 28 per cent consumption goods. Products of the soil comprised 45 per cent of the exports. Turkish advantage in its trade with America is based on peculiar geographic influences enabling the production of specialized agricultural and animal products which are needed in the United States. A summary view of those products leads to the conclusion that exports of tobacco, mohair, and rugs will increase in the future; that exports of opium, licorice root, undressed furs, skins, and sausage casings will continue to be as important as at present for many years; that the exports of figs and wool will probably decline; and finally that with a more extensive exploitation of mineral resources an increasing proportion of those exports will find their way to American markets.

Continuing an analysis of the economic basis of trade it was found that prior to the War the United States was essentially an exporter of agricultural and extractive products as a result of which there was no real basis of trade with Turkey. As the exportation of American manufactured goods gradually developed, those products first entered other foreign markets. Although the volume of manufactured exports to Turkey steadily increased in the early part of this century the expansion was hampered by severe competition on the part of European manufacturers who were strongly intrenched in the Turkish market. The present basis of American export trade with Turkey therefore rests not only on the difference in stages of economic development between the two countries but also on the ability of American manufacturers successfully to compete with their European competitors in the markets of Turkey.

Capital goods comprised 50 per cent of American exports to Turkey in 1928 while 33 per cent of the exports were consumption goods. The most important capital goods exported are automobiles, American cars and trucks dominating the market. There is an urgent need for automotive equipment in modern Turkey and since the new tariff favors light weight medium priced cars American sales will certainly increase.

The United States has never had a permanent market for consumption goods in Turkey. Recent determined efforts on the part of the new Government of Turkey to supply its own consumption goods have already reduced imports of such commodities and will reduce them still more in the future.

Due to the lack of machinery of all kinds and to the desire to develop manufacturing industries in the country there is a pressing need for machinery in Turkey. Indications point to the United States as the future leading exporter of automotive equipment, agricultural machinery, industrial machinery and equipment of all kinds. As a result America will play an important part in the impending agricultural and industrial revolution in Turkey.

Factors Affecting Turkish-American Trade

American shipping service to Turkey has passed through four distinct cycles in the course of which exports from the United States have shown a marked tendency to increase when direct American service was available and to decline when dependent on foreign direct or indirect service. The greatest decline occurred and continued during the twenty-year period when four

English shipping companies enjoyed a monopoly of the Levant trade. In recent years American exporters have had the advantage of direct service at competitive rates. Trade has increased and continues to increase in the face of a diminution in the territorial size of Turkey and an extreme economic depression which has retarded commerce with that country. While there are obviously other factors involved the question of shipping facilities is one of prime importance. As long as such facilities are regarded as national rather than international assets, as was the case in the Levant, the principle of comparative advantage cannot fully operate.

By 1914 Turkey's railway system comprised only 2,544 miles which had been built by foreign concessionaires who operated the roads under kilometric guarantees. The limited railway facilities retarded internal development and foreign trade. In an effort to extend the railroad system quickly the new Government of Turkey granted a huge concession to an American corporation but the project failed. The Government itself then turned capitalist and is constructing new lines, acquiring existing roads and operating the entire system as a unit. This new policy is being financed out of income and it is doubtful if the country can long bear such a severe drain on its current resources. Although the need for transportation facilities is great it is questionable if the urgency is such as to justify the present financial and construction policy. It is unfortunate that the government has been unable to finance its program through foreign borrowing under terms mutually beneficial to borrower and lender. Although the railway policy may be unwise in some respects, it cannot be denied that economic considerations have predominated in determining the location of new roads. The new lines will afford not only an important asset to the interior development of the country but will provide a necessary link in the expansion of foreign trade.

In the Turkish market competition has always been keen and at times unfair. England, France, Germany and Italy have regarded banks as national assets and American exporters were handicapped in their efforts to compete until an American bank was opened.

Until 1915 there were no direct exchange quotations between Constantinople and New York, accounts being settled through

London. Following the direct quotation of exchange rates the value of the lira fell and the values of the moneys of other countries such as Italy, Rumania and Bulgaria also fell with the result that the stability of the dollar placed American exporters in a disadvantageous position in their trade with Turkey.

Installment selling is an important feature of Turkish trade and long credits have been used to gain competitive advantage. American exporters must meet that phase of competition if they expect to obtain and retain an important share of Turkey's trade.

European governments have been partners with their exporters in the development of foreign trade thereby giving the latter an advantage over their American competitors. Through the exchange of concessions for loans and by means of competitive practices involving dumping and imitation, European companies have struggled to keep Turkey's commercial door closed. In some cases their efforts have been successful. There can be no doubt that the absence of banks and the refusal or inability to give credit have retarded the growth of America's export trade with Turkey. But in the long run a product of good quality at a low price will find a market in spite of such activities as is evidenced by American dominance of the Turkish automotive market. This leads to the conclusion that in competition price advantage is of predominant importance.

Through their capitulatory powers European nations exercised an effective control of Turkey's customs duties until 1914. As a result of that outside restraint the duties on merchandise imports were maintained at the low level of 8 per cent *ad valorem* from 1830 to 1907. In the latter year, after a struggle extending over three decades, customs officials of the Ottoman Empire were permitted to increase rates to 11 per cent *ad valorem* in return for extensive concessions. In giving its assent to that increase the United States Government abandoned its traditional policy of noninterference in the affairs of European nations and followed the lead of England, France and Germany in demanding certain guarantees.

During that period import duties were so low as to have no detrimental effect on the flow of merchandise from the United States to Turkey. A unique system of control of imports was achieved, however, through prohibitory decrees which were issued by the Sultans as a means of preventing possible revolutionary activities. That system was revived by the Nationalist Government during the early years of its incumbency but no longer exists.

During the War and postwar periods, as the result of freedom from foreign control, import duties were raised and the specific tariff system adopted. A complicated system of consumption and monopoly taxes also was put into force with the result that import trade was restricted and at times seriously hampered. Those rates particularly affected imports from the United States which consisted largely of necessities to which the consumption taxes applied.

In 1929 a new tariff law became effective which inaugurated a definite protective policy. Under existing circumstances that law was not well designed to serve the best interests of the country but the government has deliberately adopted a policy of economic self sufficiency influenced by considerations of national defense. That policy does, however, favor the importation of automotive equipment, agricultural and industrial machinery, consequently the new tariff will not seriously retard the rapid expansion which American exporters are making in supplying Turkey's requirements for such commodities. Moreover, the Turkish tariff policy contemplates mutual tariff rebates in its treaties with other nations, the benefits of which will be shared by American exporters through the most favored nation clause in the Treaty of Ankara.

American tariff legislation has exercised an important influence on the nature of imports from Turkey. To the extent that American tariff policy has interrupted the normal flow of trade with Turkey the full gains of specialization have not been realized. Coincidental with the American adoption of still higher import duties is the Turkish emulation of that policy which means that in the future, to an even greater extent, the benefits of specialization will be lost. In Turkey's case, however, the chief importations from the United States are admitted on the payment of comparatively low duties while American duties on the leading imports from Turkey are high. In the past the American tariff has hampered Turkish-American trade to a greater extent than has the tariff imposed by Turkey. To a less extent that situation still prevails. In the future it appears that the American tariff policy will be an even greater obstacle to the full development of Turkish-American commercial relations.

In the past, inability to conclude treaties, disagreement in interpreting such as were concluded and failure of the Sublime Porte to extend full rights granted by treaty operated as a barrier to the full development of commercial relations. The Treaty of 1830 was ill adapted commercially and was soon replaced by the Turco-British Convention of 1838. The Treaty of Commerce and Navigation concluded in 1862 soon led to a controversy over tariff rates and termination.

The right to own real estate was long denied to foreigners in Turkey and never incorporated in a formal treaty. As a result of pressure from without, the Government of the Ottoman Empire passed a law in 1867 granting to foreigners the right to acquire real property in Turkey. The provisions of that law became effective for citizens of the United States through the Protocol of 1874 but the benefits of that action were partially neutralized by Ottoman restrictions of various kinds.

The conflict of Turkish and American law on the right of expatriation made a treaty essential but the only one concluded was rejected. Up to the present time there has been no solution of the problem of naturalized Americans resident in Turkey.

The establishment of a new government in Turkey led to the need for a treaty to replace the time honored Convention of 1830. A new treaty was concluded at Lausanne, August 6, 1923, which recognized the abrogation of the capitulatory régime in Turkey, provided for the ownership of real estate by American citizens in Turkey and guaranteed most favored nation treatment. That treaty was rejected by the Senate of the United States and Turkish-American diplomatic relations were resumed in February, 1927, on the basis of a *Modus Vivendi.* Commercial relations continued on a temporary basis until a new treaty of commerce and navigation became effective, April 21, 1930.

While there are many unsettled questions at issue, the Government of the United States is no longer dealing with a reactionary sovereign but rather with a representative Assembly of a new Republic. At the beginning of the second century of Turkish-American relations the prospects are excellent that such treaties as shall be concluded instead of leading to controversy and hampering commercial development will promote harmony and facilitate the intercourse of citizens of the United States and Turkey.

American Capital Investment in Turkey

A. *Non-Commercial*

American relations with Turkey are unique in that in the field of capital investment the activities of religious and philanthropic organizations antedated those of profit seeking investors and the amounts invested exceeded commercial investments. Yet the activities of those organizations for the most part were not for Turkey nor for the Turkish people, but primarily for Armenians, Greeks and other minority groups. That situation led to important political results and left the organizations face to face with a new problem in 1923. In that year most of the minority groups left Turkey and today that country is 99 per cent Moslem. Some organizations had already withdrawn before the exchange of populations took place and others withdrew following that fundamental change. The American Board and the three Near East Colleges in Turkey chose to remain, however, and carry on their work in Turkey for the Turks.

A study of the attitude of the Ottoman Government toward mission work in Turkey reveals that during the first forty-five years the government was not only tolerant but helpful. But as its Empire began to crumble and its power declined the policy toward missions changed to one of opposition. Although there was no open display of that antipathy, there is an unbroken record of interference with mission work since 1865. The opposition grew in intensity up to the severance of diplomatic relations in 1917 and was renewed after the Armistice by the new government as well as the old.

A similar analysis of the attitude of the United States Government toward mission work in Turkey discloses that prior to 1890 American missionary workers were ineffectively protected by their Government but from that time to 1917 a vigorous policy guaranteed security of life and property. Since 1923, however, the abrogation of capitulations has placed missions and colleges under Turkish law and failure to ratify the treaty negotiated in that year left them without adequate guarantees.

In attempting to forecast the future of American missions and schools it must be borne in mind that Turkey today is fired with an intense nationalistic spirit. Moreover, in spite of the abolition of the Kaliphate and of the rumored decline of religious spirit the census figures indicate that 99 per cent of the population is Moslem. It can be asserted with conviction that direct or indirect proselyting activity will not be tolerated in the future. In fact, even if it were permitted it is doubtful if it would yield results.

Under the old régime the lack of schools and hospitals afforded an excellent opportunity for missions to serve their constituents and pave the way for religious work by supplying those facilities. The old régime has passed, however, and with it opposition to education. The new government anticipates rapid expansion in its educational facilities. Until a sufficient number of schools can be built and staffed to educate the children of the country and as long as American schools adhere strictly to a secular program they will be permitted to continue. After that time opposition to them on the score of inability and unwillingness to teach Turkish nationalism, the growing lack of need for them and the declining sympathy and support for purely education work on the part of some American supporters renders their future continuance doubtful. Certainly there will be no expansion in that phase of American good will investment in Turkey.

The conclusion with reference to the future of medical and hospital work is similar.

For the three American colleges the conclusion differs. In higher education Turkey has only the University of Constantinople. As the graduates of primary schools proceed to secondary institutions and graduate they will desire to continue their education. But the opportunity will be restricted in Turkey to the one University and the three American colleges. It will be many years before Turkey can develop an adequate system of higher education, consequently if American colleges conform to Turkish regulations and develop so as to meet Turkish needs their indefinite continuance may be expected. But the likelihood of expansion is remote.

B. *Commercial*

Owing to the lack of security and facilities for saving, capital accumulation in Turkey has been negligible. For those very reasons there has been a great need for foreign capital but because of the insecurity, outside capitalists invested their savings in Turkey only in limited amounts and then under onerous terms. The majority of loans contracted were public and the proceeds in too many cases wastefully used. Those loans were tied up with European imperialistic aims which were designed to reduce Turkey to a colony and the industrial development of that country was consciously retarded. When it became evident that no one power could gain ascendency in all Turkey that country was divided into economic spheres of influence and the commercial door thereby closed to the nationals of other nations.

Prior to 1900 American enterprisers were too busily occupied accumulating capital and developing resources in the United States to be interested in foreign investment opportunities. Later, however, they began to seek foreign fields and one group was attracted by the possibilities of obtaining a railway concession in Turkey. Previously European powers had been content to see American capital invested in non-commercial activity but resented and opposed the new ambitions. Consequently, the original Chester project encountered formidable opposition. The United States Government then rendered vigorous support to the Ottoman-American Development Company by bargaining with Ottoman authorities on political questions and by opposing the Germans in all the capitals of Europe. When success seemed assured in the fall of 1911 the Company suddenly withdrew and left the government in a most embarrassing position. If the financiers had lived up to their commitments the whole course of Turkish-American relations would have been altered. Having supported the Company in obtaining the concession the government would have been under obligation to continue its support and to assist other companies and thereby would have been drawn into the whirlpool of Old World imperialism. December, 1911, therefore marks a definite turning point in American governmental policy in the Near East. With the advent of a new administration the opposite policy of open diplomacy and the open door was inaugurated and has since governed American relations with Turkey.

Following the Armistice of 1918 the United States Government watched the European carving of Turkey with growing apprehension and alarm. But instead of resorting to imperialism to fight imperialism it took recourse to open diplomacy and insisted on recognition of the principle of equal commercial opportunity in Turkey. American opposition to the Turkish Petroleum Company's alleged claim led the British Government to propose American participation on a bargaining basis but the offer was declined. The Government of the United States was then invited to participate at the Lausanne Conference. In accepting the invitation it denounced secret agreements concerning economic rights and at the Conference insisted upon recognition of the Open Door principle. In reply, the British Government declared that the secret San Remo Agreement was regarded as void but stood firm on the claim for the Turkish Petroleum Company.

The complicated issues at Lausanne were still further tangled by Turkey's claims to Mosul and its subsequent grant of a sweeping concession to a group of American capitalists. Official and determined protests were filed by Britain, France and Russia and the American position was weakened by the appearance of close coöperation with the concessionaires. The speed with which the Grand National Assembly approved the concession lends credence to the view that it was granted to strengthen Turkish bargaining power. But it was none the less a *bona fide* grant. Yet in the final outcome that phase of the negotiations played a negligible part. Turkish nationalism won its remarkable victory over European imperialism because the Government of Turkey was prepared to fight for its demands.

American policy achieved complete success when mention of the Turkish Petroleum Company was barred from the Treaty of Lausanne. Six years later five American oil companies were permitted to participate in that Company. That international undertaking is an illustration of a solution which is becoming increasingly important in the scramble for world resources.

After the international flurry caused by the grant of a concession to it, the Ottoman-American Development Company for the second time proved incapable of meeting its financial commitments. While its failure impaired the prestige of American enterprise for a time, it caused no embarrassment to the Government of the United States as it had ten years before, for all requests for active support had been refused. Yet American policy at Lausanne was particularly attacked as having bartered capitulations and the rights of Armenia for the benefit of the Standard Oil and Ottoman-American Development Companies. There is no convincing evidence to support such a charge, while there is considerable evidence, some of it new, indicating that the Government of the United States scrupulously adhered to the policy of the Open Door as a broad principle rather than for individual or corporate rights. The marked success of American open diplomacy in its struggle to maintain an open economic door in Turkey fully justifies the continuation of that policy not only in future relations with Turkey but in all international relations.

Because of its freedom from political ambition American capital has always been highly favored in Turkey. In the past, however, more lucrative opportunities at home or elsewhere have prevented any important investment in Turkey. The unfortunate failure of the Ottoman-American Development Company to carry out its contract caused a decline in American commercial prestige. That feeling has tempered, however, and today the possibility of American capital investment is not only favored but encouraged. Turkey today is on the threshold of a new economic era, the rapid and full attainment of which is dependent on the coöperation of foreign capital. As the present government continues to grow in strength and becomes willing to offer attractive guarantees and as the American capital fund continues to expand, the possibility of increasing American commercial investments in Turkey seems certain.

Emigration from Turkey to the United States

In the remarkable movement of people from the Old World to the New, Turkey has poured its contribution amounting to 367,468 concentrated in the decade 1905 to 1915. The passing of the Ottoman Empire late in 1922, the recognition of the Republic of Turkey in 1923 and the inauguration of new American restrictions which became effective in 1924 marked the end of an era in this phase of Turkish-American relations.

There were three causes back of the migration of people from Turkey to the United States. First was the desire of emigrants to improve their economic condition; a second cause was their desire to escape from the political oppression of the Ottoman Government; and the third factor was the artificial stimulation of steamship companies, money lenders, and labor agents actuated by the profit motive. Emigration from European Turkey was caused chiefly by the political oppression of minority elements engaged in commerce while both economic and political causes lay back of the emigration from Asiatic Turkey.

The fact that only 5 per cent of the emigrants were Turks while Greeks, Syrians and Armenians comprised 70 per cent of the total is noteworthy and sheds new light on the strong anti-Turkish sentiment in America.

Statistical evidence concerning the condition of immigrants tends strongly to substantiate the conclusion that economic causes were fundamental in the movement of peoples from Turkey to America.

Turkey lost not only 170,000 workmen but also lost the national investment represented in that large group. Moreover, the exodus was so largely concentrated that some regions were underpopulated in relation to their resources and the production of wealth reduced. Wages increased slightly but the rise was insufficient to cause a resort to capital. Consequently the machine age has not yet dawned in Turkey. It is possible that remittances of wealth by emigrants added to the wealth taken back by those returned was sufficient to offset the original national loss. But the undeveloped condition of Turkey today may perhaps be attributed to a large extent to a shortage of man power as much as to a lack of capital.

From the American viewpoint the immigration of laborers from Turkey was desirable in early years since it tended to increase the supply of productive labor. A turning point was reached about 1895, however, after which the steadily increasing supply of labor was not so welcome. That sentiment increased in strength and culminated in the restrictive Act of 1924 which limits the number of those annually admissible from Turkey to 226. From the larger social viewpoint it is doubtful whether the supposed advantages of the steady immigration in the twentieth century of such persons as those from Turkey was not offset or even overbalanced by the disadvantages. The possible gain in increased production which might have immediately accrued tended to be offset by certain political and social problems of serious importance.

Owing to the political and economic changes in Turkey and the American restrictive law, the problem of emigration from Turkey to the United States has practically been removed as a factor in the relations of the two countries.

The emigration of peoples from Turkey to the United States gave rise to a political question of nationality. The régime of capitulations in Turkey and the American doctrine of protecting naturalized citizens upon return to their native land made it possible for certain Ottomans to emigrate to the United States, even in violation of Ottoman law, acquire wealth and citizenship and return to Turkey to live exempt from all Ottoman laws. That situation led to the abuse of American citizenship and fraud in obtaining it whereby Ottoman authority was flouted. Efforts to harmonize conflicting viewpoints by negotiation of a treaty failed. The United States Government then succeeded in ending the abuse of American citizenship by inaugurating a set of rigid regulations concerning the status of naturalized Americans of Ottoman origin who returned to their native land.

The present situation is entirely altered and a solution of the problem should be possible. Such a solution should recognize the citizenship of all *bona fide* naturalized persons and permit their temporary return to Turkey. The Turkish Government should not object to such a concession for the possibility of an influx of such naturalized citizens under present conditions is extremely remote. On the other hand, the United States Government, while adhering to its right to naturalize any one satisfying its laws, should agree to hold such naturalization in abeyance without exception if the citizens so naturalized are of Turkish origin and later return to Turkey permanently. Such a concession would not in practice violate the American principle. Not only is it in conformity with the procedure adopted in 1907, but with the present and future small immigration from Turkey the number of naturalized citizens returning to the land of their origin in the future will be negligible. Such concessions on the part of both Governments should render possible a satisfactory solution of a long standing problem.

APPENDIX

Appendix

The older treaties with Turkey are readily accessible. The commercial Treaties of 1830 and 1862 and the Extradition Treaty of 1874 will be found in MALLOY, WILLIAM, *Treaties and Conventions of the United States,* Vol. 1, pp. 1318–1321, and Vol. 2, pp. 1341–1344. The Turco-British Treaty of 1838 is available in HERSTLET, LEWIS, *Treaties and Conventions Between Great Britain and Foreign Powers,* Vol. 5, pp. 506–510. The Protocol of 1874 was published in *Foreign Relations,* 1874, pp. xxii–xxv, and the draft Turco-American Treaty of Lausanne was published as *Senate Executive Document Z,* 68th Congress, 1st Session. While the *Modus Vivendi* of 1927 and the Ankara Treaty of 1930 have been published also, their current importance warrants their inclusion for reference purposes.

MODUS VIVENDI OF 1927 [1]

> (On February 17, 1927, at Ankara, Rear Admiral Bristol, American High Commissioner in Turkey, addressed to Tewfik Rushdi Bey, Turkish Minister of Foreign Affairs, the following notes to which Tewfik Rushdi Bey replied in similar terms:)

Excellency:

I have the honor to make the following statement of the agreement which has resulted from the conversations that have been held at Angora on behalf of the Government of the United States and Government of Turkey with reference to the regularization of relations between the United States and Turkey.

One. The United States of America and Turkey are agreed to establish between themselves diplomatic and consular relations based upon the principles of international law and to proceed to the appointment of Ambassadors as soon as possible. They are further agreed that diplomatic and consular representatives shall enjoy on the basis of reciprocity in the territory of the other the treatment recognized by international law.

Two. (A) The United States of America and Turkey are agreed to regulate, in conformity with the principles of international law and on the basis of complete reciprocity, the commercial and consular relations as well as the conditions of establishment and residence of their nationals in the territories of the one and the other respectively by treaties or special conventions.

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[1] *Embassy Archives.*

(B) In the event the Turkish-American Treaty signed at Lausanne, August 6, 1923, is ratified by the United States and Turkey on or before June 1, 1928, the stipulations set forth in that Treaty together with its annexes shall be considered as meeting the requirements specified in sub-paragraph A of this paragraph as regards the regularization of commercial, consular and establishment and residence relations, it being understood that in the event the Turkish-American Treaty is ratified on or before June 1, 1928, Article 31, thereof shall be modified at the time of ratification, in the following sense: the articles of the said treaty which have a temporary character shall expire on the same date as the corresponding provisions of the treaties and conventions signed by Turkey and the Allies at Lausanne July 24, 1923.

(C) The United States of America and Turkey are agreed that the treaty of extradition signed at Lausanne August 6, 1923, shall at a time mutually convenient to them be submitted to the competent authority of their respective governments for ratification. Further, the negotiations for a naturalization convention shall be undertaken within six months after the coming into effect of the consular convention and the establishment and residence conventions referred to in sub-paragraph A of the present paragraph, or the coming into effect of the Turkish-American Treaty mentioned in sub-paragraph B. The question of claims shall be dealt with in accordance with the terms of the notes exchanged between the Turkish and American Governments at Constantinople on December 24, 1923, it being understood, however, that the provisions of those notes will come into force six months after the exchange of ratifications of the commercial convention and the convention of establishment and residence referred to in sub-paragraph A in the event that the Turkish-American Treaty mentioned in sub-paragraph B is not ratified.

Three. Pending the coming into effect of the consular convention and the convention of establishment and residence referred to in sub-paragraph A of paragraph two, or the coming into effect of the Turkish-American Treaty mentioned in sub-paragraph B, the principles enumerated in paragraphs one and two of this note, together with the essential provisions of the Turkish-American Treaty signed at Lausanne August 6, 1923, and its annexes shall constitute the basis for the treatment which on condition of reciprocity shall be accorded nationals of Turkey in the territory of United States and nationals of the United States in the territory of Turkey.

Four. The present agreement shall become operative on the date of signature.

I shall be glad to have your confirmation of the accord thus reached.

Accept, Excellency, the renewed assurances of my highest consideration.

(Signed) MARK L. BRISTOL.

February 17, 1927.

Excellency:

I have the honor to make the following statement of the agreement which has resulted from the conversations that have been held at Angora on behalf of the Government of the United States and the Government of Turkey with reference to the treatment which the United States shall accord to the commerce of Turkey and which Turkey shall accord to the commerce of the United States.

Pending the coming into effect of the commercial convention referred to in sub-paragraph A, of paragraph two, of the notes exchanged today concerning the relations between the United States and Turkey or the coming into effect of the Turkish-American Treaty signed at Lausanne, August 6, 1923, the status quo resulting from the exchange of notes dated July 20, 1926,[2] regarding commercial relations between the United States and Turkey shall be preserved for a period of one year dating from February 20, 1927. At the expiration of this period the status quo shall automatically continue for a further term of three months unless in the meantime the provisions of this note shall

[2] The notes of July 20, 1926, provide for most favored nation treatment in customs matters.

have been modified by mutual agreement or unless either one of the contracting parties shall have asked for a reconsideration of its provisions.

I shall be glad to have your confirmation of the accord thus reached.

Accept, Excellency, the renewed assurances of my highest consideration.

(Signed) Mark L. Bristol.

TREATY OF COMMERCE AND NAVIGATION BETWEEN THE UNITED STATES OF AMERICA AND THE TURKISH REPUBLIC[3]

The United States of America and the Turkish Republic, desirous of maintaining and furthering their commercial relations and of defining the treatment which shall be accorded in their respective territories to the commerce and shipping of the other, have resolved to conclude a treaty of commerce and navigation for that purpose and have appointed their plenipotentiaries.

The President of the United States of America:

Joseph C. Grew, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Turkish Republic.

The President of the Turkish Republic:

Zekai Bey, Deputy of Diarbekir, former Minister, Ambassador.

Menemenli Numan Bey, Minister Plenipotentiary, Undersecretary of State at the Ministry of Foreign Affairs.

Who, having communicated to each other their full powers, found to be in due form, have agreed upon the following articles:

Article I

In respect of import and export duties, including surtaxes and coefficients of increase, and other duties and charges affecting commerce, as well as in respect of transit, warehousing, and customs formalities, and the treatment of commercial travelers' samples, the United States will accord to Turkey and Turkey will accord to the United States, its territories and possessions, unconditional most favored nation treatment.

Therefore, no higher or other duties shall be imposed on the importation into or the disposition in the United States, its ter-

[3] *Embassy Archives.*

ritories or possessions, of any articles the produce or manufacture of Turkey than are or shall be payable on like articles the produce or manufacture of any other foreign country;

Similarly, no higher or other duties shall be imposed on the importation into or the disposition in Turkey of any articles the produce or manufacture of the United States, its territories or possessions, than are or shall be payable on like articles the produce or manufacture of any other foreign country;

Similarly, no higher or other duties shall be imposed in the United States, its territories or possessions, or in Turkey, on the exportation of any articles to the other or to any territory or possession of the other, than are payable on the exportation of like articles to any other foreign country;

Any advantage, of whatsoever kind, which either High Contracting Party may extend to any article, the growth, produce or manufacture of any other foreign country shall simultaneously and unconditionally, without request and without compensation, be extended to the like article the growth, produce or manufacture of the other High Contracting Party.

The stipulations of this article do not apply:

a) To the treatment which the United States accords or may hereafter accord in the matter of the customs tariff to the commerce of Cuba or of any of the territories or possessions of the United States; or to the commerce of the Panama Canal Zone; or to the treatment which is or may hereafter be accorded to the commerce of the United States with any of its territories or possessions with one another or with the Panama Canal Zone;

b) To such special advantages and favors which Turkey accords or may hereafter accord in the matter of the customs tariff affecting products originating within the countries detached in 1923 from the former Ottoman Empire; or to the treatment which Turkey may accord to purely border traffic within a zone not exceeding fifteen kilometers wide on either side of the Turkish customs frontier.

ARTICLE II

In all that concerns matters of prohibitions or restrictions on importations and exportations each of the two countries will accord, whenever they may have recourse to the said prohibitions or restrictions, to the commerce of the other country treatment equally favorable to that which is accorded to any other country.

The same treatment will apply in the case of granting licenses in so far as concerns commodities, their valuation and quantities.

ARTICLE III

a) Vessels of the United States of America will enjoy in Turkey and Turkish vessels will enjoy in the United States of America the same treatment as national vessels.

b) The stipulations of Article III paragraph a) do not apply:
   1) To coastwise traffic (cabotage) governed by the laws which are or shall be in force within the territories of each of the High Contracting Parties;
   2) To the support in the form of bounties or subsidies of any kind which is or may be accorded to the national merchant marine;
   3) To fishing in the territorial waters of the High Contracting Parties; nor to special privileges which have been or may be recognized, in one or the other country, to products of national fishing;
   4) To the exercise of the maritime service of ports, roadsteads or seacoasts; nor to pilotage and towage; nor to diving; nor of maritime assistance and salvage; so long as such operations are carried out in the respective territorial waters, and for Turkey in the Sea of Marmara.

c) All other exceptions not included in those mentioned above shall be subject to most favored nation treatment.

ARTICLE IV

Nothing in this treaty shall be construed to restrict the right of either High Contracting Party to impose prohibitions or restrictions of a sanitary character designed to protect human, animal or plant life, or regulations for the enforcement of police or revenue laws.

ARTICLE V

The present Treaty shall be ratified and the ratifications thereof shall be exchanged at Ankara as soon as possible. It shall take effect at the instant of the exchange of ratifications and shall remain in effect for a period of three years and thereafter until one year from the date when either of the High Contracting Parties shall have notified the other of an intention to terminate it; with the reservation, however, that the obligations concerning national treatment contained in paragraph a) Article III hereof may, after one year from the date of the exchange of ratifications, be terminated by either party on ninety days' written notice and shall cease sixty days after the enactment of legislation inconsistent with the above mentioned national treatment obligations by either of the High Contracting Parties.

In Witness Whereof the respective plenipotentiaries have signed the same and have affixed their seals thereto.

Done at Ankara in duplicate in the English and Turkish languages which have the same value and will have equal force, this first day of October, nineteen hundred and twenty nine.

Joseph C. Grew
Zekai
M. Numan

AMERICAN DIPLOMATIC REPRESENTATIVES TO TURKEY

1830–1930

Chargé d'Affaires

David Porter, Maryland, April 15, 1831.

Ministers Resident

David Porter, Maryland, March 3, 1839.
Dabney S. Carr, Maryland, October 6, 1843.
George P. Marsh, Vermont, May 29, 1849.
Carroll Spence, Maryland, August 23, 1853.
James Williams, Tennessee, January 14, 1858.
Edward Joy Morris, Pennsylvania, June 8, 1861.
Wayne MacVeagh, Pennsylvania, June 4, 1870.
George H. Boker, Pennsylvania, November 3, 1871.
Horace Maynard, Tennessee, March 9, 1875.
James Longstreet, Georgia, June 14, 1880.
Lewis Wallace, Indiana, May 19, 1881.

Envoys Extraordinary and Ministers Plentipotentiary

Lewis Wallace, Indiana, July 13, 1882.
Samuel S. Cox, New York, March 25, 1885.
Oscar S. Straus, New York, March 24, 1887.
Solomon Hirsch, Oregon, May 16, 1889.
David P. Thompson, Oregon, November 15, 1892.
Alexander W. Terrell, Texas, April 15, 1893.
James B. Angell, Michigan, April 15, 1897.
Oscar S. Straus, New York, June 3, 1898.
John G. A. Leishman, Pennsylvania, December 20, 1900.

Commissioners

Lewis C. Heck, Pennsylvania, December 4, 1918.
Gabriel B. Ravndal, South Dakota, May 3, 1919.

High Commissioner

Rear Admiral Mark L. Bristol, United States Navy, August 12, 1919.

Ambassadors Extraordinary and Plenipotentiary

John G. A. Leishman, Pennsylvania, June 18, 1906.
Oscar S. Straus, New York, May 17, 1909.
William Woodville Rockhill, District of Columbia, April 24, 1911.
Henry Morgenthau, New York, September 4, 1913.
Abram I. Elkus, New York, July 21, 1916.
Joseph C. Grew, New Hampshire, May 19, 1927.

Chronology of Turkish-American Relations

1774	Ottoman Empire included among nations listed by Continental Congress with which American Treaty Commissioners might negotiate.
1785	Beginning of Turkish-American commerce; Smyrna figs offered for sale in Boston.
1799	William Smith appointed Envoy Extraordinary and Minister Plenipotentiary to the Sublime Porte with full powers to negotiate a treaty.
1800	November 9, Commodore William Bainbridge sailed the first American naval vessel into the harbor of Constantinople.
1802	William Stewart appointed first United States Consul at Smyrna but was not recognized by the Ottoman Government.
1808	Mr. Sloane appointed United States Consul at Smyrna but was not recognized.
1811	An American trading house established in Smyrna by Messers Woodmas and Offley.
1820	First American religious mission in Turkey established at Smyrna by the American Board of Commissioners for Foreign Missions.
1820	Luther Bradish urged commercial need for a treaty with Turkey.
1823	George P. English recommended secret treaty negotiations.
1824	David Offley appointed and recognized as first United States Consul at Smyrna.
1825	Commodore John Rodgers authorized to negotiate secretly for a treaty.
1828	Captain William Crane and David Offley appointed treaty commissioners.
1829	Captain James Biddle, David Offley and Charles Rhind appointed treaty commissioners.
1830	May 10, first Turco-American treaty signed at Constantinople.
1831	March 2, American legation opened at Constantinople.

1831	April 15, Commodore David Porter appointed *Chargé d'Affaires.*
1831	American religious mission established at Constantinople.
1839	Turkish tariff on American imports based on Turco-British Treaty of 1838.
1856	J. Harford Smith appointed as first Ottoman Consul at New York.
1862	Sultan Abdul Aziz forbade the fitting out of vessels in Turkey destined for privateering against the United States.
1862	A treaty of Commerce and Navigation concluded.
1862	First loss of American lives by violence in Turkey when two missionaries were murdered by bandits.
1863	Robert College founded.
1864	Monroe Doctrine first applied to Turkey in its relations with the United States.
1868	Beginning of Turkish-American controversy over capitulatory rights.
1869	Origin of controversy over nationality.
1871	Mission school established which developed into Constantinople College for Girls.
1873	Armenian press bureau established in London to promote the project for a national home in Turkey.
1874	August 11, draft treaty of naturalization signed.
1874	October 29, Protocol issued by President Grant accepting the Turkish law granting to foreigners the right to own real estate.
1875	May 26, Extradition Treaty proclaimed.
1883	The United States Government demanded for the first time the payment of a monetary indemnity by the Ottoman Government for an attack on American missionaries by Turkish bandits.
1885	English monopoly of Levantine shipping perfected.
1894	United States Senate requested information concerning the massacres of Armenians in Turkey.
1895	United States Government demanded $84,519 indemnity for property loss suffered by missions during the Harput and Maraş massacres.
1899	Sultan Abdul Hamid requested Moslem followers in the Philippines to refrain from warring on the Americans.

1899 First direct steamship line between New York and Constantinople opened by the Barber Steamship Company.

1899 An Executive Branch of the Young Men's Christian Association established at Constantinople.

1901 Ottoman Government paid monetary indemnity first demanded in 1895.

1901 Miss Ellen Stone, an American missionary, kidnapped by bandits.

1902 The "Turkish Blend" cigarette introduced into the United States.

1903 International College founded at Smyrna.

1906 United States Legation at Constantinople raised to an Embassy and John G. A. Leishman appointed first American Ambassador to Turkey.

1907 United States Government assented to Turkish request for permission to increase customs duties after bargaining which involved technical violation of the Monroe Doctrine.

1907 The original project for the Chester Concession was undertaken.

1908 Young Turk Revolution.

1910 America embarked on an imperialistic course in Turkey.

1911 American Chamber of Commerce for the Levant organized.

1911 United States Government declared its neutrality in the Turco-Italian War.

1914 Turkey declared its neutrality in the World War, August 8.

1914 October 1, Turkey abrogated the capitulations.

1914 October 29, Turkey entered the War as an ally of Germany.

1915 American Commission for Armenian and Syrian Relief organized.

1917 April 20, Turkey severed diplomatic relations with the United States.

1918 October 30, the Armistice of Mudros ended Turkey's part in the War.

1918 December 4, Lewis Heck appointed United States Commissioner to Turkey.

1919 February 15, American commercial relations with Turkey officially resumed.
1919 May 3, G. Bie Ravndal appointed United States Commissioner.
1919 July 16, Colonel William Haskell appointed resident Commissioner for Relief in Armenia for the United States, Great Britain, France and Italy.
1919 August 12, Rear Admiral Mark L. Bristol appointed United States High Commissioner.
1920 April 13, American Military Mission to Armenia filed its report.
1920 April 20, Supreme War Council requested President Wilson to accept, for the United States Government, a mandate for Armenia.
1920 April 23, United States Government recognized the independence of Armenia.
1920 May 24, President Wilson asked Congress for authority to accept a mandate for Armenia.
1920 May 29, United States Senate declined to grant the Executive power to accept a mandate for Armenia.
1920 August 10, Treaty of Sèvres signed.
1920 Guaranty Trust Company of New York opened a branch office in Constantinople.
1920 Peak year for volume and value of Turkish-American trade.
1921 United States Government restricted the annual immigration from Turkey to 1,558; the figure later was raised to 2,388.
1921 The American Express Company opened an office in Constantinople.
1922 October 28, the Principal Allied Powers invited the United States Government to participate at the Lausanne Conference.
1922 November 20, the first Lausanne Conference convened.
1922 The United States Government declared itself in favor of an Open Door in Turkey.
1923 February 4, the Turkish delegates left the Lausanne Conference.
1923 April 9, Chester Concession granted by the Grand National Assembly.

1923	April 23, Second Lausanne Conference convened.
1923	July 24, Lausanne Treaties between Turkey and the European powers signed.
1923	August 6, Turco-American Treaty signed at Lausanne.
1923	September, the American Board of Commissioners for Foreign Missions voted to continue its work in Turkey.
1923	December 18, Chester Concession annulled by Turkish Government.
1924	United States Government restricted immigration from Turkey to 226 annually.
1926	February 20, Conclusion of a *Modus Vivendi* averted an increase of Turkish duties on imports from America.
1926	July 20, Renewal of *Modus Vivendi* to avert increase of Turkish duties on imports from the United States.
1927	January 18, Turco-American Treaty of Lausanne rejected by United States Senate.
1927	February 17, Conclusion of a *Modus Vivendi* formally reestablished Turkish-American diplomatic relations.
1927	February 20, Commercial *Modus Vivendi* of July 20, 1926, extended for one year.
1927	May 19, Honorable Joseph Clark Grew appointed United States Ambassador to Turkey and His Excellency, Mouhtar Bey appointed Turkish Ambassador to the United States.
1929	October 1, the new Turkish tariff on imports became effective.
1929	October 1, a Turco-American treaty of commerce and navigation signed at Ankara.
1930	January 1, Ford Motor Export Corporation opened an assembly plant at Constantinople.
1930	April 21, Turco-American treaty proclaimed.
1930	June, American capitalists advanced $10,000,000 to the Turkish Government in return for the concession of a match monopoly.

Selected Bibliography

Material for this book has been gathered from numerous sources. In the earlier stages of research the work centered around the Library of the University of Pennsylvania, the Library of the Philadelphia Commercial Museum, which is well equipped with economic data, the Library of Congress, Columbia University Library and the New York City Public Library. In Turkey the author had free access to the Archives of the United States Embassy, the Library of the Grand National Assembly at Ankara, the University of Constantinople Library, the Library of Robert College and the Near East Alcove of International College Library. Among European libraries the Library of the League of Nations was most useful for materials on the postwar period.

I. GOVERNMENTAL SOURCES

A. United States

1. *Unpublished*

In the Archives of the United States Embassy at Constantinople considerable material of importance, especially in tariff matters, was discovered in the earlier correspondence. For the important period since 1916 the chief source of information on political relations was the Archives. Much economic data since 1921 was uncovered in the files of the Trade Commissioner. By the very nature of the material it cannot be listed in detail but the bound volumes particularly helpful and used were:

Letters and Papers of the American Legation, 1830–1838

Turkish Correspondence of the Legation, 1837–1843

Correspondence from Consuls-General, 1832–1887

Correspondence Received from United States Consuls and Consular Agents, 1832–1857

Correspondence Relating to the Armenian Mandate Question, 1918, 1919, 1920

High Commission Reports, Turkey from 1918–1923

Correspondence, 1922, Special Report, *Agriculture in Anatolia*

Correspondence, 1923, Vol. 21, *The Chester Concession*

History of the Chester Project, Series C, No. 52, *Turkey*, No. 10

Correspondence, 1922, 1923, *The Lausanne Conference*

Correspondence: Turkey—United States, Political, 1920–1930

Correspondence: Turkey—United States, Commercial, 1921–1929

Review of Turkish Press for years 1921–1929

2. *Published*

DEPARTMENT OF COMMERCE

The following publications of this Department were particularly fruitful of data on the economic condition of Turkey and Turkish-American commerce.

The Commerce and Navigation of the United States with Foreign Countries, 1913–1929

Daily Consular and Trade Reports, 1913–1915

Commerce Reports, 1915–1930

Supplement to Commerce Reports, No. 18a, Vol. 1, 1915

Supplement to Commerce Reports, No. 18d, Vol. 1, 1915

Supplement to Commerce Reports, No. 35, *Turkey*, 1922

Supplement to Commerce Reports, *Turkey's Foreign Debt*, Trade Information Bulletin No. 268, 1924

Supplement to Commerce Reports, *Installment Selling of Motor Vehicles in Europe*, 1928, GILLESPIE, J. E., *Turkey*

Turkish Cotton Goods Market, Trade Information Bulletin No. 171, 1923

Statistical Abstract

Trade of the United States with the World, Miscellaneous Series No. 115, 1920, 1921

Turkey: A Commercial and Industrial Handbook, Trade Promotion Series No. 28, 1926, G. BIE RAVNDAL

DEPARTMENT OF COMMERCE AND LABOR

Prior to the division of this Department data on economic conditions in Turkey and immigration from that country were included in its publications.

The Commerce and Navigation of the United States with Foreign Countries, 1903–1913

Daily Consular and Trade Reports, 1903–1913

Monthly Consular and Trade Reports, 1904–1910

Commercial Relations of the United States with Foreign Countries, 1903–1909

Annual Reports of COMMISSIONER GENERAL OF IMMIGRATION, 1896–1914

CONGRESS

The proceedings of Congress, its investigations and special reports deal largely with the political aspect of Turkish-American relations.

The Congressional Record

House Document No. 250, 22d Congress, 1st Session, *Negotiation of the Treaty of 1830*

Senate Document No. 200, 25th Congress, 3d Session, *Correspondence Relating to Commerce and Navigation in Turkish Dominions*

Senate Document No. 3, 47th Congress, 1st Session, *Report on the Capitulations of the Ottoman Empire,* E. A. VAN DYCK

House Document No. 326, 59th Congress, 2d Session, *Citizenship of the United States, Expatriation and Protection Abroad*

Senate Document No. 357, 61st Congress, 2d Session, *Treaties and Conventions of the United States,* WILLIAM MALLOY, Vol. 1

Senate Document No. 266, 66th Congress, 2d Session, *Report of the American Military Mission to Armenia,* April 13, 1920

Senate Documents 11, 39, 67th Congress, 1st Session

Senate Document No. 34, 67th Congress, 1st Session, *The Origin of the Capitulations and of the Consular Institutions,* G. BIE RAVNDAL

Senate Document No. 272, 67th Congress, 2d Session

Senate Executive Document Z, 68th Congress, 1st Session, *The Turco American Treaty of Lausanne*

Federal Trade Commission, Report on Foreign Ownership in the Petroleum Industry, Washington, February 12, 1923

DEPARTMENT OF LABOR

Annual Reports of the COMMISSIONER GENERAL OF IMMIGRATION, 1914–1930

DEPARTMENT OF STATE

The most important publication of this Department contains the diplomatic correspondence between the Governments of the United States and Turkey, although prior to 1904 the Department also published certain commercial and trade reports.

Papers Relating to the Foreign Relations of the United States, 1860–1917
Ibid., 1914, 1915, 1916, *Supplement, The World War*
Declarations of War and Severances of Diplomatic Relations, 1914–1918
A Digest of International Law, J. B. MOORE, Washington, 1906, Vols. 2, 3, 5
Commercial Relations of the United States with Foreign Countries, 1862–1903
Monthly Consular and Trade Reports, 1900–1904
Money and Prices in Foreign Countries, Turkey, Bureau of Statistics, *Special Consular Reports*, Vol. 13, Part I, 1896
Tariffs of Foreign Countries, Turkey, Bureau of Foreign Commerce, *Special Consular Reports*, Vol. 16, 1899

TREASURY DEPARTMENT

The chief publications of this Department pertaining to Turkish-American relations are the various tariff acts and *Commerce and Navigation* until 1903.

The Commerce and Navigation of the United States with Foreign Countries, 1829–1903. Contains annual statistics on commerce and also included statistics on immigration until 1893
Comparison of Tariff Acts of 1883 and 1890, Senate Finance Committee, 1890
Comparison of Tariff Acts of 1894 and 1897, Senate Document No. 188, 1897
Tariff Act of August 5, 1909, H. R. 1438, 1909
Tariff Act of October 3, 1913, H. R. 3321, 1913
Tariff Act of September 21, 1922, H. R. 7456, 1922
Tariff Act of June 17, 1930, H. R. 2667, 1930

B. GREAT BRITAIN

1. *Published*

With the exception of the *Overseas Trade Reports, The Board of Trade Journal* and the *Peace Handbooks* the British material deals chiefly with political questions. For texts of treaties and Proceedings of the Lausanne Conferences the *Blue Books* are indispensable. They were also helpful in supplementing political viewpoints expressed in American sources.

ACCOUNTS AND PAPERS (*British Blue Books*)

1906, Vol. CXXXVII, Cmd. 2816
1914, Miscellaneous No. 13, Cmd. 7628, *Correspondence Respecting Events Leading to the Rupture of Relations with Turkey*
1914–1916, Vol. LXXXIV, Cmd. 7716
1920, Miscellaneous No. 11, Cmd. 675, *The San Remo Agreement*
1920, Vol. LI, Treaty Series No. 11, Cmd. 964, *The Treaty of Sèvres*
1920, Treaty Series No. 12, Cmd. 964, *Tripartite Agreement Between the British Empire, France and Italy Respecting Anatolia*
1921, Vol. XLIII, Miscellaneous No. 10, Cmd. 1226, *Correspondence Between His Majesty's Government and the United States Ambassador Respecting Economic Rights in Mandated Territories*
1923, Vol. 26, *Turkey*, No. 1, Cmd. 1814, *The Lausanne Conference on Near Eastern Affairs, Record of Proceedings*
1923, Treaty Series No. 16, Cmd. 1929, *The Treaty of Lausanne*

GOOCH, G. P., AND TEMPERLEY, H., editors, *British Documents on the Origins of the War*, Vol. 5, *The Near East* (1928)

HOUSE OF COMMONS

Parliamentary Debates, Vol. 163, 1923; Vol. 53, 1923

HERSTLET, LEWIS

Treaties and Conventions Between Great Britain and Foreign Powers, Vol. 4

FOREIGN OFFICE

Peace Handbooks, Turkey in Europe, Vol. 3; *Anatolia*, Vol. 10, No. 59 (1920)

DEPARTMENT OF OVERSEAS TRADE

Reports on the Economic and Commercial Conditions in Turkey, 1923–1927

THE BOARD OF TRADE

Journal (weekly)

This Journal together with the annual *Reports* on Turkey provide an important source of information pertaining to commercial and economic conditions in Turkey.

C. TURKEY

1. *Published*

a. Official

With the exception of one volume the official publications of Turkey are those of the new government. The publications of the newly organized Office of Statistics have been invaluable and the volumes of Turkish laws have been equally helpful.

NORADOUNGHIAN, GABRIEL, *Recueil D'Actes Internationaux de L'Empire Ottoman*, Tomes Quatre, Paris, 1900.

Volume 3, pages 368–370, contains the text of the naturalization treaty of 1874 which was not published by the United States Government.

Turkiye Cumhuriyet Resmî Gazete (*Official Gazette*), 1923–1929

Corresponds to the Congressional Record; translations in the Trade Commissioner's office at the United States Embassy in Constantinople.

La Législation Turque, Lois Promulguées par la Grande Assemblee Nationale De Turquie. Rizzo and Son, Constantinople.

Tome I, Première Législature, 1920–1923

Tome II, Deuxième Législature, Première Session, 1923–1924

Tome III, Deuxième Législature, Deuxième Session, 1924–1925

Tome IV, Deuxième Législature, Troisième Session, 1925–1926
Tome V, Deuxième Législature, Quatrième Session, 1926–1927
Tome VI, Troisième Législature, Première Session, 1927–1928

République Turque, Présidence du Conseil, Office Central de Statistique, *Annuaire Statistique*, Deuxième Volume, 1929.
Ankara, 1929. Istanbul, Cumhuriyet Matbaasi

——, *Annuaire Statistique*, Troisième Volume, 1930.
Ankara, 1930. Istanbul, Ahmet Ihsan, Matbaasi Limited

——, Ministère des Finance, Direction Générale des Douanes, *Statistique Annuelle du Commerce Extérieur de la Turquie*, Année 1928, Partie II
Ankara, 1930. Cumhuriyet Matbaasi

——, Présidence du Conseil, Office Central de Statistique, *Compte-Rendu du Recensement Agricole de 1927.*
Ankara, 1928. Istanbul, Cumhuriyet

——, *Compte-Rendu du Rencensement Industriel de 1927.*
Ankara, 1928. Istanbul, Zellitch Frères

——, *Loi sur le Tarif Général des Douanes Turques.*
Ankara, 1929. Istanbul, Les Fils de Michel Zellich

b. Semi-official

The close affiliation of the press, the Chambers of Commerce, which are themselves semi-governmental agencies, and the central government gives rise to a body of semi-official publications such as:

Milliyet.
Regarded as the semi-official newspaper of Turkey. Published in French as well as Turkish, edited by a Deputy, it contains official pronouncements and texts of important laws.

Bulletin de la Chambre de Commerce et d'Industrie de Stamboul.
Monthly in Turkish and French; economic data, primarily national in scope.

Bulletin de la Chambre de Commerce et d'Industrie de Smyrne.

Monthly in Turkish and French; economic data, primarily on the economic zone of Smyrna.

L'Économiste D'Orient (Organe des intérêts économiques et financiers de la Turquie), 1926–1929.

Bi-monthly, in French; edited by a Deputy and good for interpretation of current economic events.

Nos Articles d'Exportation: Brochure Commerciale, Publiée par le Comité de la Foire du 9 Septembre de Smyrne, Hakki Nezihi Bey, auteur.

Smyrna, Tidjaret, 1928.

Revue Technique du Monopole des Tabacs, Publiée par les soins de la Section Technique Agricole. (Quarterly.) Stamboul, Hamid.

Bilan Économique et Financier de la Turquie en 1926, par RECHID SAFVET, Ancien Conseiller D'État. (Privately published.)

II. MANUSCRIPT SOURCES

Three unpublished doctoral dissertations treating limited phases of Turkish-American relations were used. In the library at International College there are several student manuscripts dealing with Turkish economic conditions, one of which was used.

ENIS NACI BEY, *Wages in the Tobacco Industry,* in International College Library.

NUTE, GRACE LEE, *American Foreign Commerce from 1825 to 1850,* in Radcliffe College Library.

REED, CASS ARTHUR, President of International College, *Problems of American Education in the Near East,* in Harvard University Library.

WRIGHT, WALTER L., JR., *American Relations with Turkey to 1831,* in Princeton University Library.

III. BOOKS

Most of the books on Turkey deal with political questions. The second most popular theme is social and religious problems, travel and description. There are very few books dealing primarily with Turkish economic life. In all the literature there is practically nothing on American relations with Turkey. The following list, therefore, is not complete, nor does it include all the books I have examined, but it aims to provide a reading list in the history of Turkey, its international relations, its economic life and the religious and philanthropic activities of Americans in Turkey which will acquaint the reader with a background in the light of which American relations with Turkey may be understood more clearly.

A. Primarily Historical and Political

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Baker, B. G., *The Passing of the Turkish Empire in Europe,* Lippincott, Philadelphia, 1913. A popular account, full of prophesy.

Baker, R. S., *Woodrow Wilson and World Settlement*, Doubleday, Page & Co., Garden City, 1922. A vivid *exposé* of European secret diplomacy.

Barclay, Sir Thomas, *The Turco-Italian War and Its Problems,* Constable, London, 1912. An English view, favorable to Turkey.

Blockwitz, Johannes, *A Brief History of Turkey*, translated from the German by Mrs. M. Wesselhoeft, Osgood & Co., Boston, 1877. A short, popular history arranged according to Sultan's reigns.

Bradley, E. S., *George Henry Boker*, University of Pennsylvania Press, Philadelphia, 1927. Biography of an American Minister to Turkey.

Brown, P. M., *Foreigners in Turkey: Their Juridical Status,* Princeton University Press, 1914. A study of the capitulatory régime with reference to the rights of foreigners as contrasted with their privileges.

Buchanan, Sir George, *My Mission to Russia*, Little, Brown & Co., Boston, 1923. Discloses Russia's desire for Constantinople.

Cardashian, V., *The Ottoman Empire of the 20th Century*, J. B. Lyon & Co., Albany, 1908.

Clark, E. L., *Turkey* (Vol. 56) in *Nations of the World,* Collier, 1896.

DAVEY, RICHARD, *The Sultan and His Subjects*, Chatto and Windus, London, 1907.

DAVIS, WM., *A Short History of the Near East*, Macmillan, New York, 1922. An excellent brief history of Turkey in Europe; chapters 34, 35 are good summaries of Turkey in the War and the unsatisfactory treaties of peace.

——, *The Roots of the War*, Century Co., New York, 1918. A non technical study in which Turkey's strategic importance is emphasized.

DEWEY, JOHN, *Impressions of Soviet Russia and the Revolutionary World, Turkey* (pp. 195–235), The New Republic, New York, 1928.

DIPLOMATIST, A, *Nationalism and War in the Near East*, edited by LORD COURTNEY, Carnegie Endowment for International Peace, Oxford, Clarendon Press, 1915. The title well indicates the content; the author writes freely under a thin veil of anonymity.

DJEMAL PASHA, *Memories of a Turkish Statesman*, 1913–1919, Hutchinson & Co., London. Chapter 9 gives a Turkish viewpoint of the Armenian Question in which Russian policy is blamed.

DUGDALE, E. T. S. (translator), *German Diplomatic Documents*, 1871–1914, *Die grosse Politik der europäischen Kabinette*, Vol. 4, Methuen & Co., London, 1931.

DUGGAN, S. P. H., *The Eastern Question, A Study in Diplomacy*, Columbia University Press, New York, 1902. A picture of European diplomacy dividing the Ottoman Empire.

EARLE, E. M., *Turkey, the Great Powers and the Bagdad Railway*, Macmillan, New York, 1923. A study of European imperialism in Turkey.

EDIB, HALIDÉ, *Memoirs*, Century Co., New York, 1926.

——, *The Turkish Ordeal*, Century Co., New York, 1928. Indispensable for a complete understanding of the Nationalist Revolution.

——, *Turkey Faces West*, Yale University Press, New Haven, 1930. A critical interpretation of new Turkey.

EINSTEIN, LEWIS, *Inside Constantinople*, Murray, London, 1917. An American diplomatist's diary during the Dardanelles Expedition, April to September, 1915.

ELLISON, GRACE, *Turkey Today*, Hutchinson, London, 1928. A superficial and highly favorable interpretation of new Turkey.

EMIN, AHMED, *Turkey in the World War*, Carnegie Endowment for International Peace, Yale University Press, New Haven, 1930. An appraisal of Turkey by a Turk well equipped as a scholar and publicist.

——, *Development of Modern Turkey As Measured by Its Press*, Columbia University Press, New York, 1914.

EVERSLEY, LORD G. J., AND CHIROL, SIR VALENTINE, *The Turkish Empire*, 1288–1922, T. Fisher Unwin, Ltd., London.

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——, *The New Map of Europe*, Century Co., New York, 1915.

——, *Introduction to World Politics*, Century Co., New York, 1922. These two volumes portray the European diplomatic intrigues, including Turkey's part as a pawn.

HARRIS, THOMAS, *The Life and Services of Commodore William Bainbridge*, Carey Lea & Blanchard, Philadelphia, 1837.

HAYES, C. J., *Brief History of the Great War*, Macmillan, New York, 1921.

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ISMAIL KEMAL BEY, *Memoirs*, Constable & Co., London, 1920. Chapter 15 gives a Turkish viewpoint of the Armenian

Question in which Abdul Hamid is charged with having specifically ordered the massacre of 1894.

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KING-CRANE MISSION TO THE NEAR EAST, *Report of*, in *Supplement to Editor and Publisher*, Vol. 55, pp. I–XXVIII, New York, 1922.

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MONROE, W. S., *Turkey and the Turks*, G. Bell & Sons, London, 1908. General in nature, dealing mostly with travel and custom.

MORGENTHAU, HENRY, *Ambassador Morgenthau's Story*, Doubleday, Page & Co., New York, 1918. Not an impartial " story " of what happened in Turkey from 1914–1915.

——, *All in a Life Time*, Doubleday, Page & Co., New York, 1922. Chapters 10, 11 give an intimate account of diplomacy in Turkey.

PAULLIN, C. O., *Commodore John Rodgers*, 1773–1883, A. H. Clark Co., Cleveland, 1910.

——, *Diplomatic Negotiations of American Naval Officers*, 1778–1883, The Johns Hopkins Press, 1912. Chapter 5 covers the negotiation of the first American treaty with Turkey during the years 1784–1832.

PEARS, SIR EDWIN, *Turkey and Its People*, Methuen, London, 1911.

——, *Forty Years in Constantinople*, Herbet Jenkins, Ltd., London, 1916. An absorbing historical narrative of political events in Turkey by an outstanding English barrister in Constantinople.

——, *Life of Abdul Hamid*, Henry Holt & Co., New York, 1917. A modern history of Turkey built around the life of Abdul Hamid.

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Armenian and Syrian Relief in 1918 on education, sanitation, transportation, irrigation, water power, agriculture, industries and finance.

Hogarth, D. G., *The Nearer East,* Appleton & Co., New York, 1902. A valuable book on Turkish geography.

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Malthus, T. R., *Checks to Population in Turkish Dominions and Persia* in *An Essay on the Principle of Population,* Reeves, Turner, London, 1878 (8th ed.).

Marshall, Alfred, *Principles of Economics,* 8th ed., Macmillan, London, 1922. Book 2, chapter 4, Book 4, chapter 7, Book 6, chapters 6, 7, Appendix E.

——, *Industry and Trade,* Macmillan, London, 1920. Chapter 8.

Mears, Eliot G., *Modern Turkey,* Macmillan, New York, 1924. The standard reference work on modern Turkey.

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Reclus, Elisée, *The Earth and Its Inhabitants: Asia*, Vol. 4, edited by Keane, A. H., Appleton & Co., New York, 1898.

Stamp, L. D., *Asia, An Economic and Regional Geography, Turkey, The Treshold of Asia*, Part II, Chapter 1, E. P. Dutton, New York, 1929.

Urquhart, David, *Turkey and Its Resources*, Saunders and Otley, London, 1833. An English view with emphasis on free trade and England's position in competing with other nations.

C. Primarily Missionary and Philanthropic

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Barton, James L., *Daybreak in Turkey*, Pilgrim Press, Boston, 1908. A history and appraisal of American missions in Turkey by the Secretary of the American Board.

Brewer, Josiah, *Turkey, A Residence in Constantinople in the Year 1827 with Notes to the Present Time*, Durrie and Peck, New Haven, 1830. The record of a missionary who spent a year investigating the condition of the Jews.

Dwight, H. O., Tupper, H. A., and Bliss, E. M., *Encyclopedia of Missions*, Funk, New York, 1904. Descriptive, historical, biographical, statistical.

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——, *Among the Turks*, American Tract, Boston.

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Lamsa, G. M., *The Secret of the Near East*, The Ideal Press, Philadelphia, 1923. A social, religious and economic study by a native, with a critical appraisal of American missions.

Patrick, Mary Mills, *Under Five Sultans*, Century Co., New York, 1929. The memoirs of the former president of Constantinople College for Girls.

Prime, E. D. G., *Memoirs of Rev. Wm. Goodell*, R. Carter, New York, 1877.

Richter, J., *A History of Protestant Missions in the Near East*, New York, 1910.

Riggs, A. C., *Shepherd of Aintab*, Missionary Educ. Movement.

Ussher, C. D., Knapp, G. H., *An American Physician in Turkey*, Houghton, Mifflin Co., Boston, 1917.

Washburn, George, *Fifty Years in Constantinople*, Houghton, Mifflin Co., Boston, 1909. An intimate account of Robert College by its second president, with significant comments on political events.

IV. SIGNED ARTICLES

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Dennis, Alfred L. P., *The Lausanne Conference* in *North American Review*, June, 1923.

E, *Turkish Facts and Fantasies* in *Foreign Affairs*, Vol. 3, No. 4, June, 1925.

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——, *The New Constitution of Turkey* in *Political Science Quarterly*, March, 1925.

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——, Report of the 68th Luncheon Meeting, *The Lausanne Treaty,* April 5, 1924.

——, Report of the Committee on the Lausanne Treaty, *The Turco-American Treaty of Amity and Commerce,* May, 1924.

——, Information Service, *The Lausanne Treaty: Should the United States Ratify It?,* Pamphlet No. 26.

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Literary Digest.

Near East and India.

THE AMERICAN COMMITTEE FOR ARMENIAN INDEPENDENCE, *The Senate Should Reject the Turkish Treaty.*

THE AMERICAN COMMITTEE OPPOSED TO THE LAUSANNE TREATY, *The Lausanne Treaty, Turkey and Armenia.*

The American Journal of International Law, in addition to publishing leading articles on Turkish questions, frequently comments editorially.

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